Daily Report

Latin America

FBIS-LAT-88-214
Friday
4 November 1988

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FBIS-LAT-88-214 *4 November 1988*

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Cuba

Government 'Confident' of Dialogue With U.S.

PA0411003888 Madrid EFE in Spanish 1636 GMT 3 Nov 88

[Report by Juan Jesus Aznarez]

[Excerpts] Havana, 3 Nov (EFE)—The Cuban Government is confident that it will reestablish a dialogue with the next U.S. Administration, whether Republican George Bush or Democrat Michael Dukakis wins the election. This dialogue will permit better understanding between two countries that are geographically so close but politically so far apart.

Official sources and political observers consulted by EFE agree that President Ronald Reagan's administration was a period of bilateral convulsion, despite the 1984 immigration agreement signed between Havana and Washington and the start of negotiations on southern Africa.

"Reaganism dies with Reagan; nothing will be the same after it," the government officials said.

According to the U.S. Government, Cuba's foreign policy and its support for Third World leftist movements, primarily Latin American guerrillas, is the main obstacle in achieving a normalization of relations, something that has not existed in 29 years.

Cuba believes it is a question of principles that cannot be relinquished, and accuses the United States of trying to destabilize the revolution to achieve a change in the Cuban political system.

Cuban Vice President Carlos Rafael Rodriguez said recently that "we have lived against the United States, and we can live without the United States, but for both sides it would be more appropriate if there were peaceful coexistence between our two countries—or better yet, if we lived together." [passage omitted]

According to the sources, neither of the two U.S. presidential candidates has suggested any specific substantial changes in U.S. policy toward Cuba.

However, Dukakis' statements about Latin America, especially regarding the Central American crisis, have elicited favorable responses in official circles.

His plan to suspend aid to the Nicaraguan contras and the new focus on the Latin American situation along the cooperation lines drafted by John F. Kennedy are highly valued, "and their implementation would create an atmosphere very different from the present one."

At the same time, there is a belief here that only a conservative ruler in the White House, one who would not be suspected of wanting to make concessions to the left or to the communists, would be capable of reestablishing diplomatic relations with Cuba.

Official Cuban spokesmen believe George Bush has the characteristics of such a ruler, although so far nothing indicates that such a step will be taken as long as serious differences exist between the two nations.

In any case, important decisions adopted by Democratic administrations, such as the establishment of the Interests Sections in Washington and Havana during Jimmy Carter's administration in September 1977, were respected by the following Republican administration.

The U.S. election campaign and the platforms of both candidates have been closely followed by the highest Cuban authorities, who claim to be willing to hold talks with any president elected on 8 November.

Carlos Rafael Rodriguez emphasized that the talks should be held "on a basis of mutual respect, the elimination of the blockade, and the liquidation of the irritating thorn stuck in our land—the Guantanamo military base." [passage omitted]

Election 'Paradox' Viewed

FL0311161688 Havana Radio Reloj Network in Spanish 1525 GMT 3 Nov 88

[Text] The paradox of the U.S. presidential elections, to be held in 5 days, is that the most important decision of U.S. voters does not involve either of the two candidates aspiring to the White House. Bush or Dukakis will not be directly elected by the people of the United States, but appointed indirectly by voters through the 538 members of the so-called Electoral College.

A majority of 270 of the Electoral College's votes is needed in order to be elected president or vice president. This organization can prevent a candidate from getting to the White House even if he beats his rival in the popular vote. Despite the negative opinions of those who call the Electoral College anti-democratic and demand that it be eliminated, those who support it want to maintain the college, claiming it gives good results.

Angola's Dos Santos on 'Difficulties' in Talks

FL0311134788 Havana Tele-Rebelde Network in Spanish 1200 GMT 3 Nov 88

[Text] The president of Angola, Jose Eduardo dos Santos, stated that the quadripartite talks to find a solution to the problem in southwest Africa faces some difficulties.

The Republic of South Africa and the United States have made specific demands regarding the timeframe for the withdrawal of Cuban military forces from Angola and

the number of troops that should return to Cuba during the 1st year after the signing of the agreement, said the Angolan leader to the Czechoslovak press agency, CTK.

He noted that, at present, there are two proposals on the negotiating table: one from South Africa and one from the United States. We struggle to find a solution, he said. We thought this would be accomplished before 1 November, but so far it has not been possible, said President Dos Santos.

Last June, partial agreements were reached in Geneva, but since the allotted time expired, we are afraid that military tension in the region will increase.

When asked how he plans to solve Angola's internal political problems with the UNITA [National Union for the Total Independence of Angola], the Angolan leader said that his government is not contemplating a military solution because it is aware of the humanitarian aspect of the situation. We count on enough forces to gain a military victory, but we know that this would mean a delay, and that more lives would be lost in the meantime. He added that as soon as foreign aid to the UNITA ends, the government will begin a program to integrate all Angolans into society without checking to see whether or not they had been in UNITA. The only condition for this integration is that they abandon armed violence and adhere to the laws of the Republic, said the president, who is also president of the MPLA [Popular Movement for the Liberation of Angola]-Labor Party of Angola.

We are convinced that a policy of this type will gradually lead to the establishment of peace throughout Angola.

Angolan Envoy on Withdrawal

FL0311144988 Havana Radio Progreso Network in Spanish 1200 GMT 3 Nov 88

[Text] Angolan president, Jose Eduardo dos Santos, said that the quadripartite talks on southwest Africa are facing some problems. In statements made to the Czechoslovak press agency, CTK, Dos Santos said that South Africa and the United States have made specific demands regarding the timeframe and troop strength for the withdrawal of Cuban military forces from Angola.

He declared that, at present, there are two proposals on the negotiating table: an American one and a South African one. He gave no further details, however.

Yesterday, Manuel Pedro Pacavira, Angolan ambassador to the United Nations, categorically rejected Pretoria's attempts to link Namibia's independence to the Cuban military presence in Angola. The diplomat said that the withdrawal of Cuben troops has nothing to do with the UN plan for Namibia's independence. He explained that the Angolan or Cuban decision to withdraw the troops from Angola is a gesture of good will to facilitate the process for Namibia's independence, but, he clarified, it is not an obligation.

Soviet Naval Detachment Arrives in Havana

FL0311201588 Havana Tele-Rebelde Network in Spanish 1800 GMT 3 Nov 88

[Text] A Soviet naval detachment arrived in Cuba today. It will pay an official and friendly visit to our country. The visitors entered Havana Bay around 0900. They received the country's greetings with artillery salvos and later docked at the wharf, in the presence of the Cuban Revolutionary Navy [MGR] staff.

The detachment is composed of the flagship "Vice Admiral Kulakov" [antisubmarine ship], the escort ship "Zadorny," the tanker "(Henriy Hassanov)," and a submarine. Combatants of the MGR gave them the warmest welcome.

Ship Captain Rene Gonzalez Machado, first deputy chief of the MGR and chief of staff, together with Ship Captain (Olev A. Chevchenko), military, naval, and air attache of the USSR Embassy in Cuba, as well as other chiefs and officers of the Armed Forces, greeted the visitors.

During its stay in Cuba the naval detachment will tour places of historical, political, and social interest. The public will be able to visit the ships on Saturday, 5 November, from 0900 to 1200 and from 1400 to 1700 and on Sunday, 6 November, from 1400 to 1700.

Detachment Honored

FL0411041588 Havana Television Service in Spanish 0100 GMT 4 Nov 88

[Text] After the arrival of the Soviet naval detachment in our country today, Vice Admiral Igor Vladimirovich Kasatonov, head of the detachment, held a meeting with officials from the Provincial Assembly of the People's Government. He was accompanied by Rear Admiral Pedro Perez Betancourt, alternate minister of the FAR and chief of the Cuban Revolutionary Navy.

Reynel Regal Reyes, vice president of the Provincial Assembly of the People's Government in Havana City, welcomed the leadership of the detachment and briefed them on the characteristics of the territory and its socioeconomic development. He emphasized that currently there are great efforts being made to transform the capital, as demonstrated by housing construction plans and social projects. He also informed them about developments in the areas of health, education, and culture, and about the peoples' preparation for defense, among other aspects.

Regal Reyes presented the head of the detachment with the insignia and certificate of illustrious visitor to the city, as well as with a miniature replica of one of the ships used by Christopher Columbus in the discovery of Cuba. Vice Admiral Igor Vladimirovich Kasatonov thanked them for the honors and the warm welcome given the detachment upon its arrival in Cuba.

Mexico To Increase Purchases of Minerals

FL0211185588 Mexico City NOTIMEX in Spanish 1845 GMT 1 Nov 88

[Text] Havana, 1 Nov (NOTIMEX)—Hector Ferral, chairman of the Mexican side of the Mexico-Cuba enterprise association, which began meeting in Havana today, has stated that Mexico will increase its imports from Cuba, especially nickel and chromium.

Within the framework of Mexican President Miguel de la Madrid's visit to the country, the businessman expressed his optimism regarding the prospects for trade between Cuba and Mexico, which will reach approximately $100 million this year.

In an interview granted to the press, Ferral said the goal of the (Mexico-Cuba) joint commission in this eighth annual meeting is to expand sales both ways.

Regarding nickel, chromium, and other minerals, he said they will represent 80 percent of Mexican imports from Cuba and that the figure will increase in coming months.

The purchase of Cuban minerals is very significant given the fact that the United States, main Mexican export market in this area, has banned its enterprises from purchasing minerals or goods from the island.

On another matter, Mexican President Miguel de la Madrid will hold a second round of talks with Fidel Castro today. The first round took place at the Palace of the Revolution on Monday afternoon and caught the interest of the large delegations of the two countries.

Today's activities will consist of a second round of talks among ministers of Mexico and Cuba, businessmen, and parliament members, who will meet to examine broad agreements existing between the two countries.

In what was described as a departure from normal procedures, the Cuban press reported today the general themes of yesterday's talks, which dealt with bilateral relations and the reciprocal desire to expand them; problems in Latin America and the Caribbean; the economic, political, and social order; and the prospects of the Group of Eight.

Camaguey Donates Clothing for Nicaragua

FL0311033288 Havana Radio Rebelde Network in Spanish 0045 GMT 3 Nov 88

[Text] In a beautiful gesture of solidarity and unselfishness, the members of the Ministry of the Interior [Minint] in the Province of Camaguey today donated to the people of Nicaragua a trunk with clothing, shoes, and other items destined for persons who suffered from the damage caused by Hurricane Joan in areas of the brother nation.

The donation was received this afternoon here at the Minint headquarters in Camaguey by Commander Luis Chavez, delegate from the Nicaraguan Ministry of the Interior in Matagalpa. The trunk contains approximately 5,500 items, mostly clothes and shoes donated by combatants and civil workers of the ministry. The idea came about as an initiative proposed by the reeducation center for minors here in Camaguey.

Briefly expressing appreciation, Commander Luis Chavez said:

[Begin recording] One can imagine, though it is not easy, the gestures and acts of solidarity that Cuba, its people, party, and government, show on a daily basis with Nicaragua, our people, party, and government. I repeat, one can imagine, though it is not easy, living through a moment like this, day to day. Frankly, only when one sees, hears, touches, and experiences the reality of the facts do they gain the dimension that contributes and strengthens the revolutionary condition.

I repeat, it is marvelous to see this large donation of clothing and other items, so beautifully presented, which are specially destined for the citizens of Bluefields—the persons who suffered the most damage from Hurricane Joan in Nicaragua. [end recording]

Delegation Honored in Dominican Republic

FL0311022388 Havana Television Service in Spanish 0100 GMT 3 Nov 88

[Excerpt] A (?large) Cuban delegation headed by Fernando Vecino Alegret, Cuban minister of higher education, recently participated in the festivities marking the 450th anniversary of the Autonomous University of Santo Domingo.

The delegation toured several Dominican provinces and attended various political and cultural events. A significant moment was [words indistinct] Christopher Columbus, the honor of the Great Cross, silver plaque to the Cuban minister of higher education by [Dominican Foreign] Minister Joaquin Ricardo. The town council of Santo Domingo declared the Cuban minister and other delegation members distinguished guests of that Caribbean capital.

The visit to Monte Cristi—a place closely tied to the independence struggles of Cuba and the Dominican Republic—was of great interest to the Cubans. The delegation visited there the house where the Cuban national hero, Jose Marti, and General Maximo Gomez signed the historic Monte Cristi Manifesto. During a ceremony held in that part of the Dominican Republic, Fernando Vecino Alegret, also a member of the PCC Central Committe, on behalf of the Cuban Government, donated to the citizens of Monte Cristi a picture of the

If we understand the letter correctly, a Casec [Administrative Council for the Communal Section] member reproached Mr (Ducertain) for undertaking reforestation work in the area with his students. According to the PDCH, this almost got (Ducertain) killed.

The PDCH explained that Mr (Ducertain) had received 6,000 seedlings from the Ministry of Agriculture, but that it had been said that these seedlings were of communist origin.

PDCH Secretary General (Joaquin Pierre), who signed this letter, asked Col Chavannes to have Mr (Ducertain) released as well as to take everyone involved in this matter to court.

CATH Leader Comments on Current Situation

FL0311181188 Port-au-Prince Radio Metropole in French 1145 GMT 3 Nov 88

[Excerpts] Armed men appeared on Monday evening at the residence of Mr (Jean Elianor Saintima), the driver of the CATH—Autonomous Organization of Haitian Workers—who lives in the upper part of the St Martin area, to ask him where CATH Secretary General Jean Auguste Mesyeux lived. CATH is one of Haiti's two largest union organizations. [passage omitted]

We interviewed union militant Jean Auguste Mesyeux in connection with this matter. Here are his comments.

[Begin recording] [Mesyeux] This is a political problem. As you know, CATH is one of the organizations struggling in Haiti, and it has credibility. Therefore, I think this is a precursor, a sign, of a dictatorship that is beginning to show its claws, a new dictatorship. They [not further identified] are now beginning to attack each of the most important sectors.

Also, if you will recall the dossier we made public on the enlisted men.... [changes thought] It is completely true. There is no one who can deny what we said. Thus, they [not further identified] feel that they are in a bind now. So they have begun by frightening people, pressuring people, and shooting at people, so that people will back off. That is how I interpret it.

[Reporter] But why did they ask for you personally?

[Mesyeux] Well, most of the time it is I who sign the communiques. The toughest communiques are always signed by me. Yves Richard is, more often than not, not present. He is either in Canada—[words indistinct] be operated on over there—for example, he has left again now. Thus, it is I who am all over the place. For example, it is I who gather all the information. It was I who took the initiative to publish the dossier on the soldiers, to shed light on how there was no coup d'etat, on how it really was a maneuver to isolate the men and physically eliminate them. [passage omitted]

We took the initiative to (?hold) a demonstration to support the 17 September soldiers, because we feel that this movement is linked to the interests of the Haitian people. These are not two different things. They are a single thing, because the soldiers come from the masses. [passage omitted]

Thus, we figure: Who constitutes the Haitian people? The soldiers themselves, the drivers, the students, the peasants, all the people in the streets. It is they who are being exploited.

Since the 17 September movement has never occurred anywhere in the world—no country can say that this has occurred there—only Haiti, the first black nation to win its independence, in 1804. As you know, because of its position and also because it is a black nation, whatever revolution or change that Haiti might effect will have repercussions on many other countries, including the United States, which has a big black minority.

[Reporter] Mr Mesyeux, are you pessimistic or optimistic about the future of Haiti?

[Mesyeux] How could I be pessimistic, since I am struggling? I am optimistic, because victory is in our hands. After 7 February [1986] we were alone, on the terrain—struggling alone. Just us, the Haitian masses, struggling with (?our fingernails). Now the movement has (?allies), a number of other sectors—and not even sectors. I mean patriotic members of the Armed Forces.

As you know, there are both macoutes and patriots among the military. And now these patriotic military are on the side of the people. Thus, I think that there is a far greater chance of our succeeding than of our losing. And I think that it is the macoutes who must lose. [end recording]

Priests Support Cap Haitien Archbishop

FL0311174688 Port-au-Prince Radio Soleil Network in Creole 1930 GMT 2 Nov 88

[Correspondent's report]

[Excerpts] Twenty priests in the archdiocese of Cap Haitien have issued a press release protesting the dishonest maneuvering going on aimed at sullying Msgr Gayot's reputation and sowing division within the church. The press release says that when they take the time to analyze the current situation, the priests are shocked to see how certain people take pleasure in distorting reality and sowing division among those working with the Haitian people.

The priests say that there is much division being sown and nurtured in the church in Cap Haitien, and many labels are being slapped on priests and bishops. They are very indignant to see how their archbishop, Msgr Gayot, is being denigrated, and how they [not further identified] are seeking to sully his reputation.

They say that they, the priests in the archdiocese of Cap Haitien, protest these false accusations with all their strength, not only because they constitute attacks on a person's dignity but also because Msgr Gayot is the highest authority of Jesus Christ's church in Cap Haitien—especially when they know how committed Msgr Gayot has always been to the battle for liberation, to the anti-macoute struggle, and to trying to help the poor. [passage omitted]

At the end of their press release, the priests say they congratulate all the faithful who have shown their solidarity with Msgr Gayot and with the entire church, and that together with these faithful, they, the priests, declare their solidarity with Mgsr Gayot, in both good times and bad.

Death Squads, Macoutes Threaten City Residents

FL0311173288 Port-au-Prince Radio Metropole in French 1145 GMT 3 Nov 88

[Excerpt] In a letter to the chief of the Port-au-Prince police, the Haitian National Press Federation asks that vehicles with dark tinted glass be checked because these vehicles carry death squads, says the Federation.

In its letter, the Federation also says that the civilian population must becomed involved in watching neighborhoods that have an overabundance of tonton macoutes. It is incredible that people are dying like mongrel dogs (?because) the Port-au-Prince police do not have the logistical means to answer emergency calls, says the Federation in its letter.

The Federation also thinks that the Port-au-Prince police must mobilize and dispatch some 100 vehicles in order to patrol all residential, commercial, and industrial areas. The police must intervene to stop these acts of banditry because the bodies being found at every intersection are beginning to make us lose sleep, concludes this letter addressed to the police chief, Colonel Georges Valcin. [passage omitted]

FADH Communique Details Shooting Incident

FL0311204888 Port-au-Prince Radio Soleil Network in French 1145 GMT 3 Nov 88

[Text] A communique from the Haitian Armed Forces [FADH] General Headquarters says that a special search team went to the residence of Mr (Roland d'Haiti) in Bon Repos, in the vicinity of Carrefour (Marin), at around 1000, to conduct a search. The owner of the residence, Mr (Roland d'Haiti), opened fire outright on the soldiers and also threw a grenade at them.

In view of the firing, the military took shelter and fired back. (Roland d'Haiti) was very seriously wounded. He might die of this wound. A maid working in the house was also wounded by shrapnel from the grenade, says the communique.

According to the communique, among the things found were a (?12-gauge hunting rifle) illegally in Mr (d'Haiti's) possession, as well as $33,000 and a safe full of jewelry.

The communique from the FADH General Headquarters on this matter of a search is signed by Brigadier General Andre Jean-Pierre, FADH, adjutant general. It says those two people were wounded.

However, certain other people have said that (Roland d'Haiti) has already died—that he died during the clash.

Jamaica

* September Stone Poll Pinpoints Election Issues

32980004b Kingston THE DAILY GLEANER in English 3-5 Oct 88 p 3

[Text] The September 1988 Stone Poll was carried out between 3 and 10 September 1988. It covered 133 communities and areas and interviewed 3,340 voters in all parishes. This is the largest Stone Poll sample to date.

Eighty-eight percent of the persons approached for interviewing answered our interviewers. The interviews were done mainly after the islandwide peace motorcades and before the recent hurricane.

The estimated sample error is 3 percent (or -) which means that our results are likely to be not more than a 3 percent difference from the actual trends for the country's over a million voters.

Jobs, Education, Economic Management, and Housing Seen as the Major Election Issues

What are the main issues that concern voters as they await the next general elections? The September Stone Poll shows that social issues dominate over economic issues.

As was found in the July 1988 Stone Poll, the creation of more jobs for poor people and youth was the dominant issue on voters minds. This was followed by concern for improving the education system and the need for more housing for the poorer classes (as was the case with the July Stone Poll).

These are three of the dominant issues voters will be thinking about in deciding which party to vote for. The party seen as most able to deal with these problems will attract most votes.

Other important issues include the management of the economy, the provision of roads and water supplies, which party caters more to the interests of the poor, concern over the present state of the health services, opportunities for young people, and the quality of leadership in the two parties. Parties seen as strongest in these areas will do better at the pools.

Some issues favour the JLP and some favour the PNP. Overall, JLP and PNP voters express considerable agreement on the major election issues.

QUESTION: What do you think are the main issues voters should be thinking about in deciding which party to vote for?

Answers:

	% of Responses
(1) Jobs for poor people and youth	18%
(2) State of education system	13%
(3) Housing for the poor classes	11%
(4) Proper management of the economy	10%
(5) Provision of better roads and water supplies	9%
(6) State of the Health Services	6%
(7) Living standards for the poorer classes	5%
(8) Opportunities for the youth	4%
(9) Quality of party leadership	4%
(10) Peace in the elections	3%
(11) Which candidates better able to help local areas	2%
(12) Support for agriculture and small farmers	2%
(13) Low wages	2%
(14) Cost of living	1%

The September 1988 Stone Polls asked voters to indicate which of the two major parties was likely to win the next parliamentary elections.

56.3 percent indicated that they thought the PNP will win. 32.6 percent said that the JLP will win. 11.1 percent were unsure as to which way the election result will go.

In 1980, voters' predictions in Stone Polls as to which party would win that election turned out to be an accurate forecast of the JLP victory. Whether the voters' forecasts will again be accurate remains to be seen. In spite of this majority prediction for a PNP victory, most JLP supporters believe that their party will win. However, the PNP voters and the uncommitted voters predict a PNP victory at the polls.

The September 1988 Stone Poll recorded PNP leads in 12 parishes and a tie in party strength in St Thomas.

In no parish did the poll reveal any JLP parish majority in voter support. This finding is consistent with recent trends in parish voting in which the dominant of the two parties tends to establish majorities in all or almost all of the parishes due to the growing uniformity in political trends across the island.

Parish Poll Estimates

	PNP%	JLP%
Corporate Area	58%	42%
St Thomas	50%	50%
St Mary	62%	38%
Portland	55%	45%
St Ann	58%	42%
Trelawny	57%	43%
Hanover	58%	42%
Westmoreland	63%	37%
St Elizabeth	55%	45%
Manchester	61%	39%
Clarendon	52%	48%
St Catherine	56%	44%
St James	59%	41%

* Workers Party Congress Names Central Committee

32980004a Kingston THE DAILY GLEANER in English 12 Sep 88 p 24

[Text] The first section of the 4th Congress of the Workers Party of Jamaica (WPJ) ended this afternoon with delegates electing an expanded Central Committee headed by General Secretary Dr Trevor Munroe, who was returned unopposed.

Instead of the 16-member Committee of the past, the Central Committee, which guides the Party between Congresses, will now comprise 31 members—a third of whom are women, a third from the rural parishes and a third of whom are workers and small farmers.

Doctors, lawyers, teachers, journalists, artists, insurance salespersons, scientists, farmers, and students are all represented on the executive reflecting the determination of the Party to broaden its appeal in order to have more impact on the Jamaican political scene.

After 3 days of deliberation which saw 36 interventions in 12 workshops, the Congress this afternoon adopted the General Secretary's Report and heard messages from 24 fraternal Parties and organisations in 21 countries.

Between now and December, when the second leg of the Congress (including the Public Session) will be held, the Central Committee is charged with the responsibility of reactivating the Party and having the changes coming out of the discussions reflected in the Rules and Constitution of the Party.

Among those elected to the Central Committee were: Michael Clarke, Linette Vassell, Muriel Johnson (Sister J), Basil Fairclough, Godfrey Lothian, Delano Franklyn, Clinton Hutton, Monica Ferguson, Hopeton Henry, Ernest Colquhoun, Michael Miller, Precious Grant, Pansy Benn, Ingrid Munroe, Jean Rhidd, Leroy Hendricks, Danny Douglas, Dr Neville Graham, and Dorrell Jones.

Officers are the General Secretary, Dr Munroe, Chairman John Haughton, International Secretary—Elean Thomas and Publications Secretary—Ben Brodie.

St Christopher and Nevis

Union President Moore Views Haitian Situation

FL0211173988 Bridgetown CANA in English
2155 GMT 1 Nov 88

Basseterre, St Kitts, Nov 1, CANA—Former St. Kitts and Nevis premier, Lee Moore, has criticised Haiti's latest coup, saying Haitians again are in captivity.

He made the criticism of General Prosper Avril's regime at the St Kitts-Nevis Trades and Labour Unions (SKNTLU) 49th annual conferfence over the weekend.

While welcoming a decision by the Caribbean Federation of Youth to observe Novemeber 29th as solidarity day with Haiti, Moore said that during the French-speaking country's recent political turmoil, "governments of the world, but more particularly the Caribbean, looked on passively and did nothing, despite pleas by the region's churches and the trade union movement." As a result, "the people of Haiti are once again in capivity," he said.

Avril came to power after a series of distrubances that included attacks on churches.

Moore said trade unions and workers generally in the Caribbean, cannot afford to ignore the situation in Haiti. "Just as a destructive hurricane in Jamaica is our concern, so the rape of democracy in Haiti must be our concern," Moore said. He also complained that the present crop of right wing rulers in the English-speaking Caribbean, as a matter of policy, agreed upon a plan to perpetrate themselves in power as dictators, for as long as they want.

St Lucia

Opposition Leader Leaves for Meeting in USSR

FL0111164288 Bridgetown CANA in English
1456 GMT 31 Oct 88

[Text] Castries, St Lucia, Oct 31, CANA—St Lucia's opposition leader Julian Hunte is among a group of 11 politicians from Latin America and the Caribbean who have left for a 10-day familiarisation visit to the Soviet Union at the invitation of the Permanent Conference of Political Parties of Latin America (Coppal).

Hunte left here Sunday.

In Moscow, the group will meet with high-ranking Soviet officials to discuss the much talked about restructuring of the Soviet system and will visit state institutions, including hospitals, schools, factories, and medical centres. Also included in his itinerary are visits to one of the republics and participation in a special parade on November 7.

Head of New Interim Banana Board Named

FL0111155888 Bridgetown CANA in English
1927 GMT 29 Oct 88

[Text] Castries, St Lucia, Oct 29, CANA—Former Windward Islands' Banana Association representative in Britian, Charles Cadet, has been selected to head the new interim board for the St. Lucia Banana Growers Association (SLBGA).

Cadet, who has had a long association with the banana industry and with agriculture in general, will take over as chairman from Rupert Gajadhar whose appointment, along with that of the other directors, was terminated this week with the passage in parliament of a controversial bill.

Gajadhar had been in the forefront of public protest against the measure, enacted according to government to put an end to threats to the banana industry from political confrontation.

The new interim board which will serve for a year is made up of small, medium, and large growers and its composition gives representation to each of the major banana producing areas on the island, a government spokesman said.

The deputy chairman is Rolins Louis-Fernand, a one time elected chairman. The other members are Percival Combie, Gilbert Popo, Christopher Cox, McDonald Dixon, Levy Fontenelle, and Edward Celestin.

St Vincent and the Grenadines

Metal Industry Management Recognizes Union

FL0111163088 Bridgetown CANA in English
1617 GMT 30 Oct 88

[Text] Kingston, St. Vincent, Oct 30, CANA—After a 6-month impasse, the foreign-owned East Caribbean Metals Industries has bowed to pressure and recognised the National Worker's Movement (NWM) as its employees' representative, union officials said.

NWM General Secretary Noel Jackson said he had received a letter from the company's manager, Angus Dalip, agreeing to recognition.

"Management has regretted this delay in accepting the National Worker's Movement and the unfortunate development which could have been avoided if the

necessary labour legislation had been in place and which would have given clear-cut and unambiguous directions as to how this matter should have been handled," the letter from Dalip said.

Prime Minister James Mitchell made government's position on the issue clear for the first time during last week's ninth independence anniversary activities, declaring that he was "not going to allow stubborness on the part of a single employer to damage the good name of St. Vincent and the Grenadines." He said that once, as in this case, 100 per cent of the workers vote in favour of a particular union, "the management has no alternative but to recognise that union."

Jackson said that the NWM welcomed the intervention of the government "though is was a bit late" and felt that such an initiative (by government) "should pave the way for compulsory recognition legislation."

The workers went on strike on September 28 to support their demands for recognition.

Jackson says he is to meet with management next Thursday and following these discussions, he expects the workers to be back on the production line the following Monday.

Trinidad and Tobago

Customs Officers Warned on Taking Drug Money

FL0111164188 Bridgetown CANA in English 1842 GMT 31 Oct 88

[Text] Port-of-Spain, Trinidad, Oct 31, CANA—Regional customs officers were warned by a senior Trinidad and Tobago officer Monday to guard against the temptation of accepting money linked to the illicit drug trade.

"With the constraints of payments of personal emoluments brought about by reductions of revenue, the gate is opened to acceptance of revenue from other quarters," Deputy Comptroller of Customs Charles John told a regular customs and excise update anti-drugs training course in Port-of-Spain.

"It therefore behooves us to strengthen our wills to resist such temptations," he said.

The course, one in a series hosted by the Trinidad and Tobago Customs Department to which officers from other territories are invited, deals with the use of firearms in fighting the illicit drug trade.

"This has come not a bit too soon," John added. "It is not the intention to wage war but, though one does not intend to wage war, one could always be on the defensive," John remarked.

Costa Rica

President Arias Supports Envoy to Nicaragua

PA0311215988 San Jose Radio Reloj in Spanish 0100 GMT 3 Nov 88

[Text]President Oscar Arias has expressed his absolute support for the work of Costa Rican Ambassador to Nicaragua Farid Ayales. The president said the diplomat is simply echoing the feelings of the Costa Rican soul. Arias added that if Ayales has ever been critical of what is happening in Nicaragua, such criticism is a true reflection of the opinion of a large majority of the Costa Rican people.

Arias said Costa Ricans are concerned because regressive steps have been taken in the sister country of Nicaragua after the five Central American presidents reached an accord in Guatemala in August 1987. This hinders us from our commitment to achieve a political democracy.

It is evident democracy is synonymous to freedom of speech, press, and assembly for Costa Ricans. It is unacceptable that criticism of the government by people exercising their sacred right to criticize the government in Managua are today suffering the pain of being prisoners in Nicaraguan jails, said President Oscar Arias.

The president said he is happy the Sandinist government clarified that it never thought about declaring Ambassador Ayales persona non grata. Foreign Minister D'Escoto settled this issue with that statement; in our effort to implement the Guatemala accord, our people want us to be able to exchange viewpoints even though there are differences among our governments, Arias said.

El Salvador

Ochoa: PDC, U.S. Ordered Blandon's Removal

PA0311224688 San Salvador EL DIARIO DE HOY in Spanish 1 Nov 88 p 3

[Excerpts] Colonel Sigifredo Ochoa Perez, a member of the Legislative Assembly and a controversial military man, has said the replacement of General Adolfo Blandon, who until yesterday was chairman of the Joint Chiefs of Staff, was ordered by the ruling party and the United States.

"After serving the interests of the Christian Democratic Party [PDC] and the United States, today he (Blandon) is expelled from the country because he is no longer of any use to them," Ochoa said, expressing his own opinion.

Ochoa visited Armenia last weekend to meet with his party's [the Nationalist Republican Alliance] rank and file. After holding a brief meeting with local leaders, Ochoa, who is also vice president of the Legislative Assembly, said Blandon "was directed by the CIA and PDC," and therefore played an insignificant role in the country's current conflict. [passage omitted]

Col Ochoa, who until his retirement from the military 2 years ago was known for his leadership and advancements in the antiterrorist war in rural areas, said he hopes Colonel Rene Emilio Ponce [who replaced Blandon] "will markedly change the course of the war and not take part in any maneuver that the PDC or the United States may try to carry out in the country."

Ochoa stressed: "I hope the changes within the Armed Forces will be helpful and that a new antiterrorist strategy will be sought." [passage omitted]

Ungo Denies Parties' Links With FMLN

PA0411005888 Panama City ACAN in Spanish 1442 GMT 3 Nov 88

[Text] Guatemala City, 3 Nov (ACAN-EFE)—Guillermo Ungo, a Salvadoran leftist leader and presidential candidate, today said in Guatemala that the Democratic Convergence (CD) "has no alliance" with the Salvadoran guerrillas. However, Ungo noted two of the parties that compose the CD—the Popular Social Christian Movement (MPSC) and the National Revolutionary Movement (MNR) —are also members of the FDR, which is an ally of the FMLN.

Ungo emphasized that the Salvadoran CD itself has no alliance with the FMLN.

Ungo will be a presidential candidate in the 19 March 1989 elections in El Salvador. He explained that the FDR, to which he belongs, is a different functional entity and does have an alliance with the FMLN. He insisted the political parties that compose the FDR have now, "as they did in the past," a political alliance to search, "within a political framework," for political solutions to the problems and for a popular and democratic regime.

Ungo—who was accompanied by Mario Reni Roldan, Salvadoran vice presidential candidate and secretary general of the Social Democratic Party (PSD), and MPSC Secretary Ruben Zamora—met last night with Guatemalan President Vinicio Cerezo.

The three CD leaders will leave tomorrow for Costa Rica, the second stopover in their tour through Central America to inform the area presidents about the proposals and alternatives that exist regarding the Salvadoran conflict and to state their support for the Esquipulas II peace agreement. The three agree the peace agreement reached by the Central American presidents "is of great regional importance" and contributes to finding a solution to the Salvadoran domestic conflict.

Reni Roldan does not believe the presidential elections will end the civil war in El Salvador but said that the CD will nevertheless participate in the election process with

a peace platform. He said the coalition of leftist Salvadoran political parties views "a renewed search for compliance with the Esquipulas II peace plan" as the first phase of its government program.

Ungo said he hopes the summit meeting of Central American presidents "takes place." This meeting has been set for 25 - 26 November in El Salvador. He said this meeting would "favor" the creation of better conditions on the road to peace. He noted that with the participation of the CD in the elections, the left will secure a greater backing and political opportunity, following an 8-year absence from the election processes.

Vargas Assumes 3d Brigade Command From Ponce
PA0311183988 San Salvador Canal Doce Television in Spanish 0300 GMT 3 Nov 88

[Report by Ernesto Rivas]

[Excerpts] Colonel Mauricio Ernesto Vargas, before top Army officers, today assumed command of the 3d Infantry Brigade headquartered in San Miguel. [passage omitted]

In his speech, Colonel Rene Emilio Ponce [chairman of the Joint Chiefs of Staff] said that the Armed Forces remain united and become more professional every day. These two factors, he added, must become increasingly [word indistinct] in light of the critical situation in the country.

In stepping down [from his position as 3d Infantry Brigade commander], Col Ponce asserted that he had honored his commitment to defend the rights of each San Miguel Department resident during his 16-month tenure as 3d Infantry Brigade commander.

For his part, Col Mauricio Ernesto Vargas said that he is honored by and feels committed to the people of San Miguel Department. He said that he will prevent the intolerable from becoming usual occurrences. He urged his troops to fight against totalitarian influence.

[Begin Vargas recording] This is my only commitment to the people and to my units: I will be responsible, foster unity, and use good judgment in fighting the FMLN's Marxist-Leninist aggression. We will accept no more soap opera-style arguments from them; truth is of paramount importance. Everybody should now be aware of the enormous concern over the achievement of peace. Time goes by, years go by, and it seems that we are closer to achieving a solution. [end recording]

Vargas said that Salvadoran soldiers must strive to respect human rights. However, he clarified that their pursuit of and fight against criminals who kidnap and murder mayors—a clear reference to the guerrillas—do not violate such rights. Finally, he urged all social groups in San Miguel to challenge totalitarian threats, which, according to Vargas, are posed by the FMLN.

Democratic Convergence's Oqueli on Elections
PA0311172088 San Salvador Canal Doce Television in Spanish 0300 GMT 3 Nov 88

[Report on interview with Democratic Convergence leader Hector Oqueli Colindres by Mauricio Funes "this morning"; place not given]

[Text] Democratic Convergence leader Hector Oqueli Colindres this morning reported that a delegation headed by [FDR leader] Guillermo Ungo is touring Central America to meet with regional heads of state. According to Oqueli, the tour is to reassure heads of state that the Democratic Convergence will comply with Esquipulas II. The high-level Democratic Convergence delegation is composed of [FDR leader Dr Ruben Zamora and presidential and vice presidential candidates of this leftist coalition.

Social Democratic leader Hector Oqueli Colindres explained that in meetings with Central American presidents, the group will brief these leaders on the reasons for the Democratic Convergence's participation in next year's presidential elections and on its determination to comply with Esquipulas II.

[Begin Oqueli recording] The main purpose of these visits is to explain our views on how we believe we can help solve problems in El Salvador through participating in the elections, which is part of our platform. We also want to assess with each Central American president the possible ways in which the Democratic Convergence can help to ensure compliance with Esquipulas II objectives through its participation in the elections.

In other words, our visits are to encourage political solutions to conflicts in the area—particularly in El Salvador—as opposed to military solutions and solutions that violate the principles of self-determination and nonintervention. [end recording]

Oqueli believes that the Democratic Convergence plays a decisive role among those political forces vying to control the Executive Branch in next year's elections. He said that the group's importance in Salvadoran politics will increase with time. Oqueli added that he will try to obtain the votes of those electorate members who did not align themselves with a particular political party in past elections and with the disaffected who cast votes against the Christian Democrats to punish that party.

[Begin Oqueli recording] We will try to obtain the votes of the 50,000 people who cast blank votes or whose votes were annulled, as well as the votes of those who obtained electoral identification cards but who did not vote. We will also go after the votes of those who registered but who did not receive an electoral identification card.

We will begin our campaign by urging Salvadorans to obtain electoral identification cards and to register. About 1 million people have not obtained their cards. The Salvadoran electorate stands at approximately 2.6 million people. [end recording]

Oqueli also believes that those potential voters constitute a third force in the country. Therefore, they will try to reach those people regardless of the position assumed by the FMLN toward the elections and the registration process. As is well known, in the past, the guerrillas blocked this process with pre-electoral acts of sabotage. Oqueli added that he does not believe that [Christian Democratic Party presidential candidate] Fidel Chavez Mena can do much before the presidential elections to bolster the electoral strength of the Christian Democrats.

FMLN Asks Soldiers To Sell Their Weapons

PA0311211288 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 3 Nov 88

[Text] Attention relatives of soldiers. Tell your relatives who are soldiers that the FMLN is buying weapons. Attention. Here is the list of prices. Tell your relatives to sell their weapons. We are paying in colones or dollars.

60-mm mortar	1,500 colones
M-60 machinegun	1,500 colones
Grenade launcher	1,000 colones
M-16 rifle	1,000 colones
Cartridges	25 cents each

3 Killed in Fighting in San Miguel, Morazan

PA0211222988 San Salvador Canal Doce Television in Spanish 0300 GMT 2 Nov 88

[Text] The Armed Forces have reported that two soldiers and one guerrilla were killed yesterday in fighting in San Miguel and Morazan Departments. They also reported that the ANTEL [National Administration for Telecommunications] office, court offices, and community center of Dulce Nombre de Maria were dynamited by the FMLN early this morning.

According to the reports, a large group of rebels entered the town and, after subduing the military guards, they dynamited the buildings. No casualties were reported.

Venceremos Reports on Recent FMLN Actions

PA0311220588 [Editorial Report] (Clandestine) Radio Venceremos in Spanish to El Salvador at 0000 GMT on 3 November carries approximately 10 minutes of various war bulletins on recent guerrilla actions.

The first report states that "at 1400 on 1 November, a militia unit ambushed the Ronald Reagan Battalion [FMLN nickname for unidentified battalion] near Las Crucitas, Chilanga Jurisdiction, Morazan Department," killing five soldiers and seizing their weapons."

The station then says that "on 1 November, FMLN guerrillas ambushed 6th Infantry Brigade soldiers in San Felipe, San Francisco Javier Jurisdiction, Usulutan Department, inflicting four casualties on the puppet army."

The next report states that "at 0620 on 2 November, an FMLN guerrilla unit successfully ambushed a convoy of four 4th Infantry Brigade military trucks on the Amayo - El Paraiso road," adding that "according to preliminary reports, the enemy sustained 18 casualties."

Another report says that "on 2 November, FMLN guerrillas attacked a coffee-processing plant near Apopa, inflicting numerous casualties on the 1st Infantry Brigade and seriously damaging the administrative offices." Later in the cast, an update on this attack says "the clash lasted 90 minutes, during which the Treasury Police sustained 10 casualties."

The station also reads a war bulletin from the Anastasio Aquino Front on actions carried out on 31 October and 1 November in Usulutan, San Vicente, and Cabanas Departments, which resulted in 11 enemy casualties.

Guatemala

Cabrera Refutes Defense Minister on Rebels

PA0311221888 Guatemala City Cadena de Emisoras Unidas in Spanish 0100 GMT 3 Nov 88

[Text] Foreign Minister Alfonso Cabrera today refuted statements by Defense Minister Hector Alejandro Gramajo regarding the guerrillas' military activities. Cabrera said he disagrees with Gramajo's statements, because the insurgents are a force in the country. The military chief, however, does not believe the guerrillas are a force, Alfonso Cabrera said. There are guerrilla groups causing problems, especially when international events are taking place in Guatemala. The foreign minister said with exaggeration that the URNG would be willing to support far right-wing groups as long as it gets more power and gets news coverage.

Foreign Relations Minister Alfonso Cabrera asserted today with a smile that the country's security has not been modernized; therefore, it will be necessary to invest as much money as necessary. The foreign minister added he is one of the most concerned about violence, which must be fought regardless of the cost. Furthermore, he said, it will be necessary to coordinate more efforts with the Army to reduce the existing level of violence.

Unfortunately, training at the police corps is not sufficient, at this time when ministry budgets are being discussed, the foreign minister emphasized.

Says Cuba Helping Guerrillas

PA0411004188 Panama City ACAN in Spanish 2100 GMT 3 Nov 88

[Excerpts] Guatemala City, 3 Nov (ACAN - EFE)—Guatemalan Foreign Minister Alfonso Cabrera today said Cuba "helps" the Guatemalan guerrillas, who, according to Cabrera, "do not constitute a military problem."

Cabrera, who is also secretary general of the ruling Christian Democratic Party, told the press that the guerrillas "are small groups that only harass the Army" and that he can state "with certainty" they receive help from the Fidel Castro government. [passage omitted]

According to the Guatemalan foreign minister, the guerrillas are recruiting Christian Democrats "so they can later make this known and compromise our party and the government (of President Vinicio Cerezo)."

Cabrera did not explain the means used or the type of aid Havana gives to the Guatemalan guerrillas.

The foreign minister, who on one occasion admitted the Guatemalan guerrillas are the oldest and most "enigmatic" of Latin America, reiterated they are currently "small groups." [passage omitted]

Cerezo, Officials Meet With FDR Candidate Ungo

PA0411021988 Guatemala City Teleonce Television in Spanish 0400 GMT 3 Nov 88

[Excerpt] Salvadoran left-wing leader Guillermo Ungo, who met this afternoon with President Vinicio Cerezo Arevalo and other ranking Guatemalan Christian Democratic leaders, today said the Salvadoran conflict has a Central American dimension:

[Begin recording] The meeting with President Cerezo was satisfactory. This visit to Guatemala and all the Central American countries is very important to me because of the conflict in El Salvador, its regional dimensions, and the Esquipulas II agreements, which have exerted considerable influence and which we view as an important contribution—from the regional standpoint—toward the effort to find an internal, Salvadoran solution.

We informed President Cerezo and the other officials and political leaders of our position; we stated the basic objectives of our participation in the Salvadoran electoral - political process, focusing on a Salvadoran peace proposal, of which the first [18- second break in reception] so a summit of Central American presidents can be achieved in the near future, thus improving conditions and progressing toward peace in El Salvador and Central America. [end recording]

To cast his visit within the framework of Esquipulas II, the Salvadoran left-wing leader said the Democratic Convergence leaders' tour is aimed at seeking peace in El Salvador. [passage omitted]

Official: No Restrictions on Nicaraguan Planes

PA0411002088 Guatemala City EL GRAFICO in Spanish 3 Nov 88 p 4

[Text] Speaking on behalf of President Cerezo, Julio Santos said yesterday that at no time has Guatemala prohibited Nicaraguan airplanes from flying over Guatemalan territory, as was recently reported by the news agency CERIGUA.

Guatemala, he added, respects the laws governing airplane flights and, above all, it has always cooperated with Central American countries. In the case of Nicaragua, he said, it is not only a Central American country, but if it were an emergency, as CERIGUA said, Guatemala would have helped in every possible way.

President Cerezo's personal spokesman said the report, which is attributed to General Manuel Antonio Callejas, chief of the defense staff, is completely false.

According to the report, Nicaragua wanted to send three planes to a safe location in October because of the threat of Hurricane Joan, and Guatemala refused to permit them to land or fly over its territory as they flew to Mexico.

ORPA Rebels Set Farms on Fire, Kill Farmers

PA0311224088 Guatemala City EL GRAFICO in Spanish 2 Nov 88 p 4

[Text] Guatemala City, 2 Nov—The occupation of a farm in southern Guatemala by guerrillas resulted in the deaths of two people and in significant damage when the farm's facilities were set on fire.

Guerrillas from the Revolutionary Organization of the People in Arms, ORPA, member of the URNG, raided Medellin farm in Chicacao, Suchitepequez, where they killed tenant farmers Jose Antonio Chicay and Luis Chumil, and then set on fire 100 quintals of coffee, 150 quintals of corn, and a truck.

The guerrillas then withdrew from the farm. There are yet no reports on the counterinsurgency operations being conducted.

At Milan farm, military troops clashed with another guerrilla group trying to carry out the same action the rebels perpetrated at Medellin farm.

However, the column, also from the ORPA—whose commander is Rodrigo Asturias Amado, known as "Gaspar Illom"—was discovered by military troops. Following the skirmish, the guerrillas escaped, but the Army is pursuing them, it was reported last night.

ORPA forces have been active; recently, 40 peasants in a truck were kidnapped by an ORPA column while the peasants were returning to Acatenango, Sacatepequez, where the rebels also set Valparaiso farm on fire.

Nicaragua

Ramirez Holds News Conference in Stockholm

PA0211162588 Managua Radio Sandino in Spanish 1930 GMT 1 Nov 88

[Report by unidentified reporter on news conference given by Vice President Sergio Ramirez Mercado in Stockholm on 1 November—live or recorded]

[Excerpt] Nicaraguan Vice President Sergio Ramirez Mercado arrived in Sweden this morning. He is on a tour of several European countries to coordinate disaster aid following Hurricane Joan.

Deputy Foreign Minister Javier Chamorro and Central Bank Vice President Pedro Antonio Chamorro are also in the Nicaraguan delegation, which has visited the FRG and Norway and will visit Finland and Italy.

This afternoon Sergio Ramirez met with Swedish Prime Minister Ingvar Carlsson and Development Aid Minister Lena Hjelm-Wallen, after lunching with the Director of the Nicaraguan Survival Campaign. Ramirez was met at Stockholm airport by Deputy Foreign Minister (Pjer Jurie).

Sweden reported last week that it will set aside 20 million kronor, about $3 million, in urgent aid for Nicaragua. Later, Vice President Ramirez held a news conference here in Stockholm. He spoke of his talks with Prime Minister Carlsson on the help Sweden will be giving Nicaragua in the aftermath of Hurricane Joan. As we have already said, the initial amount will be 20 million kronor.

The vice president reported that Sweden is willing to broaden the bilateral aid program that has been in effect since 1981. Ramirez also said there is interest in reconstructing production in the hurricane - affected areas on the country's Atlantic coast and central region. Development Aid Minister Lena Hjelm-Wallen will travel to Nicaragua in a few days to see how the aid is to be used.

The news conference then became more political. Dr Ramirez replied to a question by saying that dialogue with the contras will depend on the attitude of the new U.S. Administration because the contras are totally dependent on U.S. aid. The contras withdrew from the talks at the direct request of the United States, Dr Ramirez said, because they were waiting for possible aid resumption. This will be decided by the new U.S. President and may influence the resumption of talks. Dr Ramirez said that Nicaragua is willing to continue the dialogue.

Dr Ramirez referred to the role of the Catholic Church, saying it is currently making an effort to talk, but the possibilities are very limited following the contras' withdrawal. Ramirez said: Obando y Bravo cannot fulfill his role. We do not say the church hierarchy must identify politically with the revolutionary process, but the church should play an effective part in the search for peace, for a definite cease-fire, and for the disarmament of the contras in accordance with Esquipulas II.

Regarding U.S. elections, Dr Ramirez said it is difficult to predict the new administration's policies. He added emphatically: We know Reagan's policies have failed. It would not make sense for the new administration to repeat the same mistakes, which would cause a serious crisis for all Central America and would contradict the Esquipulas II accords. Ramirez went on to say that Nicaragua will continue abiding by Esquipulas II and will seek a dialogue with the new U.S. Administration to establish stable and long - lasting relations.

Dr Ramirez said Europe should contribute to the development of Esquipulas II and to the supervision and control of the accords. On the subject of a polarization in Nicaraguan domestic affairs, the vice president said this is the result of the U.S. policy of aggression. The United States is now looking at ways to finance Nicaraguan right-wing opposition groups—not for political reaons, but to destabilize the country. That is why the solution to Nicaragua's domestic problems also depends on an agreement with the United States.

Dr Ramirez said that according to unconfirmed reports, the Honduran Government does not want to take part in the Central American summit scheduled for December in San Salvador. This is not official. We know Guatemalan President Cerezo received a promise from President Azcona that he would attend and that he approved the agenda Cerezo presented.

Ramirez stated that the greatest obstacle to the meeting is not Honduras, but Salvadoran President Duarte's illness. The Honduran Government has proposed an international border force. Dr Ramirez said: We support the Honduras UN protest [as heard]. [passage omitted]

Electrical Damage From Hurricane Reported

PA0411032688 Managua Radio Sandino in Spanish 1200 GMT 3 Nov 88

[Text] The Nicaraguan Institute of Energy, INE, needs $2 million to repair the damage caused by Hurricane Joan. INE regional directors in a news confered described the damage caused by Hurricane Joan.

INE Minister Emilio Rappaccioli reported 80 percent of service has been reestablished, except in Bluefields, Rama, and San Carlos, where damage was extensive.

Everything was destroyed in Bluefields and Corn Island. Many kilometers of electric lines, transformers, meters, and poles were damaged. At the Managua plant, one generator was seriously damaged. There is another serious problem: The cooling water for the plant cannot be

pumped. The great amount of mud and trash deposited in the lake by the flood prevents cooling water from being pumped; therefore, less energy is being generated.

The minister and other officers stressed the efforts made by the workers to reestablish service throughout the country.

CSSR Donations for Hurricane Victims Arrive

PA0411032288 Managua Sistema Sandinista Television Network 0200 GMT 3 Nov 88

[Summary] The National Front of Czechoslovakia today delivered to Nicaragua a donation of 12 tons of food and clothing for victims of the hurricane. The Czechoslovak ambassador to Nicaragua has said his country will send more aid to the Nicaraguan people. He noted that most of the aid will consist of "food, medicine, blankets, and tents."

5th Joint Commission With DPRK Established

PA0211191188 Managua Sistema Sandinista Television Network in Spanish 0200 GMT 1 Nov 88

[Text] The fifth Joint Nicaragua-DPRK Commission was established today. The Korean delegation, headed by Kim Tal-hyon, chairman of the External Economic Affairs Committee, and commerce minister, arrived today for a 3-day session. Foreign Cooperation Minister Commander Henry Ruiz heads the Nicaraguan delegation.

The DPRK has helped Nicaragua with urea, industrial steel, and scientific-technical assistance.

[Begin Kim Tal-hyon recording, in Korean with simultaneous Spanish translation] We will assess the benefit of credits we have granted to Nicaragua in the past and decide how much to grant in 1989. We will also discuss the utilization of our assistance to Nicaragua. [end recording]

The DPRK grants Nicaragua a $3 million line of credit each year. Trade between the two countries is hampered by a U.S. blockade against the DPRK in the Pacific Ocean.

The senior DPRK official announced that 670,000 tons of steel will soon arrive in Nicaragua to help in reconstruction.

Radio Transmitter Loaned to Bluefields

PA0411030488 Managua EL NUEVO DIARIO in Spanish 3 Nov 88 p 12

[Text] According to a CORADEP [People's Radio Broadcasting Corporation] communique, "Radio La Cachorra [in Managua] will not be on the air for 15 days. After this period, it will resume broadcasting on the same frequency."

This interruption is due to the fact that Radio La Cachorra's transmitter has been taken to Bluefields so Radio Zinica, which was damaged by Hurricane Joan, can resume operations.

"Radio La Cachorra's transmitter was taken to Bluefields to help the urgent communications needs that the people of Bluefields and nearby areas have because of the process of rebuilding the region," the communique stated.

New Weekly To Begin Circulating 4 Nov

PA0311201988 Hamburg DPA in Spanish 1948 GMT 2 Nov 88

[Text] Managua, 2 Nov (DPA)—The weekly LA CRONICA, edited in Managua with the assistance of the Manolo Morales Foundation and with the support of the Netherlands Novib organization, will begin circulation on 4 November, its director, Luis Humberto Guzman, reported today.

The tabloid-sized weekly, containing more than 20 pages and with an estimated circulation of 25,000, aims to practice pluralist journalism, Guzman said. He added that a team of newsmen and technicians have been trained to follow the weekly's philosophy.

LA CRONICA was initially scheduled to circulate during the first few months of the year but technical problems postponed the circulation date.

Panama

Solis Palma Willing To Talk With U.S.

PA0411004488 Panama City Circuito RPC Television in Spanish 2330 GMT 3 Nov 88

[Interview with Manuel Solis Palma, minister in charge of the Presidency, by unidentified reporters on 3 November; place not given—recorded]

[Text] [Solis Palma] We are always willing to talk with the U.S. Government and with the Panamanian opposition but without giving up any of our rights, dignity, and sovereignty. Within that position of maintaining Panama's real freedom and our real self-determination, we are willing to talk with the United States and with any country in the world.

[Reporter] Has any date been set for such a dialogue?

[Solis Palma] No, we are willing to hold it and we are only waiting for signs that there are changes in the U.S. policy with regard to the Panamanian situation. We cannot be treated as a protectorate or as a country dependent on them [the United States] in any way. When we are treated as a free, sovereign, and independent country, we are open to holding talks with the same broad-mindedness and respect we have for all countries of the world.

[Reporter] What about the reopening of the media?

[Solis Palma] The reopening of the media depends on them. I think the first thing some of the media must do is to become Panamanian, and once they are truly Panamanian, I do not think they would have any problem.

Election Process Underway; 11 Parties Register
PA0311143488 Panama City LA ESTRELLA DE PANAMA in Spanish 2 Nov 88 p A-1

[Report by James Aparicio]

[Text] Idis de Castillero, director of the Electoral Tribunal's Electoral Organization, told LA ESTRELLA DE PANAMA yesterday that preparations for the May 1989 elections are "receiving the final touches."

Castillero said that another phase of the electoral calendar will be completed on 7 November when the beginning of the electoral process is announced and the candidates are nominated.

Castillero explained that the Electoral Organization's General Directorate will distribute the necessary documents for the nomination of independent and political party candidates.

Approximately 11 political parties are legally registered to participate in the 1989 elections. These parties are: the Authentic Liberal Party (PLA), the Liberal Party (PL), the Labor Party (PALA), the People's Party (PP), the Democratic Workers Party (PDT), the Christian Democratic Party (PDC), the Nationalist Liberal Republican Movement (MOLIRENA), the National Action Party (PAN), the Authentic Panamenist Party (PPA), the Revolutionary Panamenist Party (PPR), and the Democratic Revolutionary Party (PRD).

Castillero noted that the Constitution establishes that elections are to be held every 5 years, and that the Electoral Code establishes that elections should be held on the first Sunday [in May]; therefore, she ruled out the possibility of suspending the elections.

"The elections are a complex process," Castillero pointed out. She asserted that the organization has worked for the past 2 years to prepare for the elections.

Castillero said that the Electoral Tribunal requested $2.4 million from the Electoral Branch to cover expenses for "electoral activities through the beginning of January next year."

Labor Leader Leaves Country for Exile in Spain
PA0311225488 Panama City ACAN in Spanish 2139 GMT 3 Nov 88

[Text] Panama City, 3 Nov (ACAN-EFE)—Panamanian labor leader Isaac Rodriguez left Panama today for exile in Spain, saying he was leaving to facilitate the release of his fellow workers and the rehiring of employees who have been dismissed from their jobs. He made this statement to ACAN-EFE shortly before boarding the plane that is now taking him to Madrid.

Rodriguez stated: "I am leaving to relieve tensions, because some people say I am the obstacle to the release of my companeros." Three members of the Institute of Hydraulic Resources and Electrification (IRHE) Union, which is headed by Rodriguez, have been held since 19 September, and approximately 200 more were dismissed from their jobs by the authorities because of union actions.

Isaac Rodriguez was born to a modest Panamanian peasant family 30 years ago. His grandparents are Spanish. He is considered to be the country's most important labor leader. He left today for Spain after being granted asylum by the Spanish Government and was given permission by the Panamanian authorities to leave the country.

Rodriguez had been in asylum at the nunciature for over a month. He sought refuge there when the Panama Defense Force [FDP] accused him of "acting against the security of the state" and of having ties with clandestine groups.

In his conversation with ACAN-EFE, Rodriguez denied all charges. The labor leader noted that "they have also said I was being paid by the CIA, when the truth is that I would be the first one to take up arms against a U.S. intervention in Panama if there were one." Rodriguez denied having any links with the conservative Panamanian opposition and characterized himself as "a socialist with principles."

Rodriguez said "the North Americans are responsible for the situation in Panama and all of Latin America because they have supported military and undemocratic regimes for years."

The Panamanian labor leader spoke critically about the Panamanian political situation, noting that "the people will not trust the elections that will be held (on 7 May 1989) if the media are closed and there are no constitutional guarantees."

He said, however, that he is "absolutely sure there will be a democratic change" that will involve, according to him, "broad social sectors and part of the FDP."

Rodriguez says he wants to establish contact with the most important Spanish electrical labor union, and noted that he is "interested in providing information about Panama" to whoever requests it as soon as he arrives in Spain "although I know that as a refugee I cannot carry out political activities."

Rodriguez said he is leaving for Spain "without relinquishing the post of secretary general (of the IRHE union) and without resigning from his post as "high-voltage electrician."

The family of the exiled labor leader—his wife and two children—is remaining in Panama.

Measures Against Canal Workers Criticized

PA0411002688 Panama City MEDIODIA in Spanish 2 Nov 88 p 4

["Thinking Aloud" column by Pepe Zamora: "What Is Right, Fair, or Legal"]

[Text] When I was in my 1st year at Panama University Law School, I received the plain and simple explanation that the goal of all laws is to establish "equity." I have always understood it to be a combination of what is right, fair, and legal. In time, I learned that not everything that is legal happens to be just and right, and vice versa. Many just and right things are not legal.

The Finance Ministry's decision to resort to its attachment authority [jurisdiccion coactiva] to collect from Panamanian and foreign Panama Canal employees the income and educational tax payable by them is one case that leads one to ponder on what is right, just, and legal.

In fact, the Torrijos - Carter treaties and the exchanges of notes between the Panamanian and U.S. Governments assign to the canal authorities the right and duty to withhold the income and educational taxes from canal employees and to remit them to the Panamanian treasury.

Also, regarding the affected employees, the Fiscal Code indicates—in Book Four, Chapter 8, Article 752, sections 1, 3, and 8; and Article 572—the "penalties applicable to the withholding agent that fails to remit taxes to the national treasury."

Some of the employees file income tax returns and have tax credits. Others, because they need a tax clearance certificate, have tried to pay their taxes directly to the Finance and Treasury Ministry and have been turned down. In addition, the organizers of the Third Congress of Panamanian Blacks have reported that local banks have withheld the funds in checking accounts of canal employees "on instructions from the General Revenue Directorate." If one adds to this the fact that, in accordance with the communique issued by the Finance Ministry, these employees run the risk of having their homes, cars, and other property auctioned, I must reach the conclusion that this kind of measure results from some top-level political strategy beyond my comprehension. As a policy, I do not think it is right, fair, or legal to subject Panamanians to this measure. I would not dare venture an opinion on the effect it will have on the morale of present and future canal employees now that the turnover of the Panama Canal and all of its installations is 12 years away.

I do not agree with these steps, even if it is argued these employees are displaying an unpatriotic attitude now that our country is in crisis. Many of them are torn between showing loyalty to their employer or to their homeland, and feel persecuted and harassed by their own government.

Commercial Agreement Signed With Argentina

PA0211214488 Panama City MEDIODIA in Spanish 1 Nov 88 p 2

[Summary] The Panamanian Foreign Trade Institute [IPCE] has signed an agreement with the Federation of Argentine Agrarian Cooperatives that will turn our country into a storage center for maritime products, fruits, and vegetables for their subsequent export to Europe. The document was signed by IPCE Executive Director Luis Barletta on behalf of the Panamanian Government and Dr Francisco Cavalieri on behalf of the Argentine cooperatives.

Dr Cavalieri has signed similar agreements in Spain, Italy, the FRG, Japan, and Canada, and our products will be exported to those countries. Panama's exports will thus reach new markets, the IPCE official said.

Argentina

Alfonsin Comments on Debt, Other Issues

PA0311195988 Mexico City EXCELSIOR in Spanish 31 Oct 88 pp 1-a, 10-a

["Exclusive" interview with President Raul Alfonsin by EXCELSIOR correspondents Aurora Berdejo, Salvador Martinez, and Djuka Julius in Punta del Este, Uruguay on 30 October]

[Excerpts] [Passage omitted] EXCELSIOR: Mr President, what do you think is the basic importance of the meeting the seven Latin American presidents concluded a few hours ago?

Alfonsin: I believe that there are different aspects to this meeting, but undoubtedly it was a success. [passage omitted]

At times, we feel we are growing further apart because of the crisis each one of our countries is experiencing. The meeting is very important because it provides a serious response—it is not a vociferous response, but a firm one. That is very important, because the meeting raises the possibility of carrying out a mature dialogue with industrialized organizations, with the more developed countries, and particularly with the United States. [passage omitted]

EXCELSIOR: What is going to be the Latin American strategy in this great dialogue you hope to have with the United States? What is the purpose of this dialogue?

Alfonsin: In the first place, its purpose will be to analyze the difficulties we are having and to discuss our concerns over obstacles to our development.

EXCELSIOR: Obviously, Mr President, the foreign debt problem plays a central role on any agenda for a dialogue with the United States; we are therefore interested in your opinion on this.

Alfonsin: I believe that there is nothing new to say with regard to the debt issue. The presidents again agreed on the debt issue.

Each of us realizes that it is of crucial importance to discuss the debt in innovative terms and to go beyond what can be described as obsolete measures. It is also important to understand that this is primarily a political problem but that it goes beyond politics into economic, financial, and even social arenas. We therefore need urgent action so our peoples will not give up hope of reaching an immediate solution to their legitimate problems. [passage omitted]

EXCELSIOR: Mr President, do you believe that in this increasingly multi-polar world, a more politically and economically integrated Latin America could give rise to a new center of world influence?

Alfonsin: I believe that our voice must be heard at all international gatherings. In fact, the Group of Eight is achieving this objective. In the short time that has elapsed since the Acapulco meeting, we have met with the EEC, and we have held dialogues with Canada, with Asian countries such as Japan, and we have also had contacts with the United States. [passage omitted]

EXCELSIOR: Excuse me for insisting on this matter involving the United States, Mr President. Since you are familiar with the country, do you believe that there is an improved atmosphere for understanding Latin American demands?

Alfonsin: I believe that, in general, there is a better understanding of Latin America throughout the world. I believe that when we first began to speak of the political significance of the debt, we were considered lunatics roaming the world with absurd definitions. However, today everyone understands that. As you well know, we have received a note from President Mitterrand, and we know that Spanish Prime Minister Gonzalez has also written one. We also know that a feeling of understanding emanates from Italy, Germany, and Japan.

I personally believe that the United States is on its way to understanding the problem, so that by next year there could be an innovative discussion of the debt problem.

It is clear that matters of urgent concern to us are not receiving the same amount of understanding as are concerns that arise in developed countries.

[Passage omitted] Is democracy threatened in Argentina?

Alfonsin: No, no. Democracy is firmly rooted in Argentina.

EXCELSIOR: Are there any threats of a military rebellion?

Alfonsin: Absolutely none.

EXCELSIOR: Are Latin American democracies prospering or are they threatened by the debt?

Alfonsin: I believe it is very important to make continuous progress. [passage omitted]

EXCELSIOR: Going back to Argentina: You are about 1 year away from the elections. What do you think about the elections?

Alfonsin: I do not much like to discuss that Argentine problem at length while outside my own country.

EXCELSIOR: On the international scene, there is still much concern over the negotiations for a permanent solution to the Malvinas Islands problem between Argentina and Great Britain. What are the hopes for these negotiations?

fonsin: We have always insisted on the need to con-erse with Great Britain about all problems relating to he Malvinas Islands, including the topic of sovereignty. We believe that in the long run, the issue of sovereignty will prevail, and this would be in accordance with UN esolutions.

EXCELSIOR: Was any specific plan to manage the debt brought up in relation to this proposed dialogue with the United States?

Alfonsin: No specific plan was mentioned. No plan has been worked out, but we all know what we want, and we all know what we are all demanding.

UCR Report Implicates Justicialists in Strikes

PY0411031288 Buenos Aires TELAM in Spanish 2111 GMT 3 Nov 88

[Text] Buenos Aires, 3 Nov (TELAM)—Today the UCR implicated the Justicialist Party [PJ] in the wave of strikes spreading though the utility companies and rejected the criticism of the national government leveled by the Peronist governors, noting that the governors were attempting to vindicate themselves for their incompetence.

A document released in Congress by the national UCR committee also states that the Justicialist governors seem to disregard the very essence of the institutional system and charges them with aggravating the economic crisis that the democratic system inherited from past dictatorships, violence, and injustice.

The document, signed by UCR President Edison Otero, UCR First Vice President Osvaldo Alvarez Guerrero, and UCR Secretary General Luis Caceres, was released after the PJ governors announced their decision to stage a march to reject the official economic policy and to ask that the (?provincial) financial crisis be resolved [words indistinct] the very essence of the institutional system, the document points out.

After stating that it is not with strong words or with slanderous recriminations that economic stagnation and social inequalities will be overcome, the UCR points out that there are no magic tricks or miracles to achieve that goal. It called for fraternal coexistence and national unity in pursuit of a more free and egalitarian Argentina.

In another passage, the document states that the democratic system is constructed by everyone but requires moderation, seriousness, good sense, and frankness. The document adds that the actions of representative governments cannot be confused with unruly actions using public posts to benefit from electoral circumstances.

The document endorses the policy of the government, which has implemented special measures and has made arrangements for an honest system of federal partnership, as requested by the Justicialist provinces and the PJ congressional blocs.

In addition, the document urges the governors to administrate well and to understand the importance of efficiently doing their work. The document also warns the General Confederation of Labor that it is not enough to ask for better salaries, the legitimacy of which is not ignored.

UCR Presidential Candidate on Falklands Issue

PY0311135588 Buenos Aires TELAM in Spanish 1337 GMT 3 Nov 88

[Excerpt] Santa Rosa, La Pampa, 3 Nov (TELAM)—Eduardo Cesar Angeloz, the UCR's presidential candidate, today stressed that no Argentine will allow anyone to begin negotiations with Great Britain without taking into account, from the beginning, the problem of sovereignty.

Angeloz made this emphatic remark when asked about the Malvinas conflict, following the remarks of Justicialist Party presidential candidate Carlos Menem during his European trip. The governor of Cordoba also stated that we must discuss everything with Great Britain, but in no way can the topic of sovereignty be left out. [passage omitted]

Menem Says Sovereignty Issue in Falklands Talks

PY0311133988 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1307 GMT 3 Nov 88

[By special correspondent]

[Excerpts] Paris, 3 Nov (NA)—Carlos Menem, the presidential candidate of the Justicialist Party, today termed as "excellent" the results of the approximately 1-hour meeting that he held with French President Francois Mitterrand at the Elysses Palace. [passage omitted]

Menem arrived last night from Madrid for a 4-day stay in Paris before visiting the FRG and Italy. He is also scheduled to meet Pope John Paul at the Vatican.

Menem began his activities at the Hotel de Ville [seat of Paris government], where he met with Gaullist Jacques Chirac, the mayor of Paris and former prime minister of France, with whom he talked cordially for approximately 1 hour. [passage omitted]

When they discussed the contentious situation between Argentina and Great Britain over the Malvinas, Menem emphasized that "sovereignty cannot be left out, because historically the Malvinas Islands are ours and the British have usurped them, therefore we are not going to end our demand."

Chirac told the Justicialist candidate that "since I know Mrs Margaret Thatcher very well, I can tell you she will not change her mind," consequently he recommended that trade or other topics be discussed without mentioning the Malvinas. [passage omitted]

Meat Trade, Investment Expansion With USSR

PY0111025988 Buenos Aires DYN in Spanish 2136 GMT 28 Oct 88

[Text] Buenos Aires, 28 Oct (DYN)—The National Meat Board today said that Argentina and the Soviet Union have agreed to resume meat trade and to expand bilateral cooperation through investment agreements.

The agreements were signed during a recent visit to Moscow by a delegation of Argentine officials and businessmen, headed by National Meat Board President Alfredo Bigatti.

The delegates of the two countries have agreed to resume the exchange of meat products "taking into account the Soviet import needs and the competitiveness of Argentine products," a National Meat Board communique said.

These agreements comply with the terms of the accords signed in Moscow in October 1986 by Argentine President Raul Alfonsin and by Soviet chief of state Mikhail Gorbachev.

The Soviet businessmen also announced their intention to invest Soviet capital in Argentine meat packing plants through the establishment of joint enterprises to export meat to the Soviet market and to third countries.

Argentine businessmen expressed their interest in investing in restaurants in the Soviet Union, the National Meat Board said.

Soviet-Argentine Fishery Research Team Returns

PY0311135888 Buenos Aires TELAM in Spanish 0241 GMT 3 Nov 88

[Text] Buenos Aires, 2 Nov (TELAM)—The Agriculture, Livestock, and Fisheries Secretariat today announced that following 90 days of navigation outside the economic exclusion zone on board the "B.I. Evrika," the first Soviet-Argentine scientific fishery research expedition has concluded.

The crew of the fishery research vessel included Soviet scientists from the Atlantic Institute and technicians from the National Institute for Fishery Research and Development (INIDEP).

According to the secretariat, tasks of evaluation and interpretation of data were carried out outside the 200-mile economic exclusive zone, between latitudes 36 and 50 degrees south and up to longitude 35 degrees west, in other words, from Mar del Plata to Puerto Deseado, and reaching Staten Island from the east.

This is the frist time that Argentine researchers have participated in this type of expedition and it is the beginning of the task of researching the whole ecosystem of the coasts of Argentina.

The main purpose of the venture was to contribute to the studies that the INIDEP is making regarding the squid in its larvae and young stages, and its nutritional system.

PRC Delegation Meets With Local Businessmen

PY0111141588 Buenos Aires TELAM in Spanish 2304 GMT 31 Oct 88

[Text] Buenos Aires, 31 Oct (TELAM)—Zeng Peiyan, PRC vice minister of machine building and electronics, has stated that the PRC and Argentina should complement each other's economies and that reciprocal trade of products for the machine building and electronics industry is possible.

Zeng heads an official PRC delegation visiting Argentina accompanied by a PRC commercial delegation seeking contact with Argentine businessmen to pursue the common objective of increased cooperation.

Zeng and members of the visiting delegation today held a meeting with Argentine businessmen at 1300 Maipu Street to learn about the state of the machine building and electronic industries in the PRC and Argentina, so that they can discuss possible cooperation between the two countries.

The meeting—organized by the Argentine-PRC Chamber of Production, Industry, and Commerce—was opened by Alberto Naisberg, advisor of the Foreign Industry and Commerce Secretariat, who referred to the Argentine industrial promotion regulations before Alfonsin came to power and to the new industrial promotion law and its highlights.

Before this Ernesto Weischelbaum, former official of the Foreign Industry and Commerce Secretariat, referred to the current state of the Argentine industry. He noted the importance of increasing bilateral relations with the PRC, of the cooperation being sought, and of the interest shown by the two countries in "purchasing and selling" goods to "third countries"—an effort which could be made "jointly."

Zeng's speech—which was read by an interpreter—was focused on the origin of the ministry he represents—created in July 1988—the activities it carries out, the products it handles, and their technical level.

Among other issues, he disclosed that the machine building and electronic industry in the PRC has 118,000 enterprises and that they have all developed considerably since the country implemented "the reform and open-door policy."

Among the main products mentioned were equipment for the mining and metallurgy industry, television sets, radio-recorders, trucks, automobiles, mini-tractors, mini-computers, cameras, and wrist watches.

At the end of the meeting some questions by local businessmen were answered, and it was disclosed that tomorrow Zeng will meet with the president of the UIA [Argentine Industrial Union], Eduardo de la Fuente, and the president of HIDRONOR [North Patagonia Hydroelectric Company], among others. The commercial delegation will remain in Argentina until next 5 November.

Closure of Dam's Gate at Border Creates Concern

PY2910020888 Buenos Aires TELAM in Spanish 2145 GMT 28 Oct 88

[Text] Buenos Aires, 28 Oct (TELAM)—The Argentine Foreign Ministry reported this afternoon that it is following closely the situation created by the closure of the sluice gate of the Brazilian-Paraguayan Itaipu Dam, which is located near the Argentine Misiones Province.

In a statement released by the press office today, the Foreign Ministry reported that it continues to maintain permanent contact with the Itaipu Dam headquarters through the Brazilian Foreign Ministry. It adds that it has conveyed the concern of the Argentine Government over the problems created downstream as a result of the dam's operation.

The closure of the sluice gates ordered by Brazilian officials may cause fuel supply problems to part of the country if tankers cannot sail into that region.

The statement adds that the Foreign Ministry is acting with the seriousness and prudence that this issue deserves in order to insure adequate defense of legitimate national interests, and to maintain the current environment of integration with Brazil.

The statement concludes by saying that the Foreign Ministry has ordered the formation of a special working group to gather information on this issue, to evaluate the situation and the effects and damages caused by the closure, and to make the proposals considered necessary.

Police Post Attacked in Tourist Area

PY2910162788 Buenos Aires TELAM in Spanish 1418 GMT 29 Oct 88

[Text] La Plata, 29 Oct (TELAM)—Police Commissioner Hasan Jorge Said, the director general of security of Buenos Aires Province Police, together with his aides has departed for the city of Mar del Plata due to a takeover attempt in Santa Clara del Mar.

This morning at 0520 [0820 GMT] a group of persons tried to take over the police post in Santa Clara del Mar, an famous tourist area that at this time of the year is not inhabited. The post is located 20 km north of Mar del Plata on National Highway 11. One of the attackers died during the attack.

Nicaraguan Ambassador Presents Credentials

PY0311192488 Buenos Aires TELAM in Spanish 1539 GMT 3 Nov 88

[Summary] Buenos Aires, 3 Nov (TELAM)—President Raul Alfonsin today received the credentials of the new Nicaraguan ambassador to Argentina, Ariel Granera Sacasa.

Bolivia

Government Decides To Participate in GATT

PY0311151588 Madrid EFE in Spanish 0255 GMT 3 Nov 88

[Text] La Paz, 2 Nov (EFE)—Bolivian Deputy Foreign Minister Carlos Gonzales today reported that Bolivia has decided to join and participate actively in the GATT.

The announcement was made on the 2d day of the seminar "The Andean Group and the Uruguayan Conference" inaugurated yesterday in Santa Cruz, east of La Paz.

Bolivia, Peru, Ecuador, Colombia, and Venezuela are participating in the seminar, discussing matters related to commercial tariffs.

Gonzales added that the participation of the Andean region countries in world trade has dropped by 4 percent, while the inter-Andean trade has decreased by 14.5 percent.

At the Santa Cruz seminar the Andean representatives are exchanging ideas on the different problems being confronted by their countries.

Peruvian Deputy Integration Minister Antonio Kuljevan has told the press that the drug trafficking problem must be faced in a joint manner, especially the process of substituting coca crops, as being done extensively in Bolivia, Peru, and Colombia.

Kuljevan added that severe measures have been adopted in Peru to eradicate drug trafficking, and that the substitution of coca crops has also begun in the Peruvian jungles.

Chile Accused of Distorting Historical Claim

PY0311144288 La Paz La Red Panamericana in Spanish 1130 GMT 3 Nov 88

[Text] Foreign Minister Guillermo Bedregal Gutierrez has accused the Chilean Government of trying to deceive the international community by not recognizing the Bolivian landlock problem.

The foreign minister stated that it is deplorable how the Chilean Government is trying to beguile the international community, with an absolute lack of seriousness. He thus expressed the Bolivian displeasure over remarks made by a Chilean representative at the OAS.

Bedregal Gutierrez stated that the Chilean Military Government intends to distort the facts and the real history of the problem existing between the two nations.

He recalled the existence of documents that verify the commitments assumed by Chile after the Pacific War, when it managed to seize the large piece of territory that links Bolivia to the Pacific coast.

The Bolivian Foreign Ministry issued a statement saying that Chile had signed commitments recognizing the Bolivian landlock problem, in addition to other points.

The Foreign Ministry statement says that this problem was discussed at the bilateral level on nine occasions, and that the last negotiation on this problem was carried out in 1987 when Chile, through its Foreign Ministry, accepted the Bolivian proposal, but later President Pinochet denied the acceptance.

The Bolivian Government has stated that negotiations, and the results observed by the international community, cannot be easily denied.

Permits for Marketing Coca Raise $300,000

PY0311132888 La Paz PRESENCIA in Spanish 28 Oct 88 p 8

[Excerpt] Social Defense Under Secretary Jorge Alderete has asserted that the revenue collected on the issuance of authorizations to legally market coca leaves and on the sale of transportation permits for this product during the past 9 months has amounted to more than $300,000.

Alderete asserted that the 648,828 Bolivian pesos collected between January and September of this year have served to improve the "modest" budget of the Social Defense Secretariat and the police organizations in charge of repressing drug trafficking.

The under secretary said that so far they have issued 2,708 permits for the legal marketing of coca leaves and raw meterials used for the production of cocaine, and that it would be necessary to issue another 100,000 authorizations in order to collect $1 million that, according to the MIR [Movement of the Revolutionary Left] will be used by the governing party for its electoral campaign. [passage omitted]

Cocaine Laboratory Found in Trinidad

PY0311145588 La Paz EL DIARIO in Spanish 22 Oct 88 p 5

[Summary] The commander of UMOPAR in Trinidad has informed Social Defense Under Secretary Jorge Alderete that, on 18 October, members of this force discovered a cocaine laboratory in Itenez Province, Beni Department.

Alderete was also informed that during an operation carried out on the same day in Samosabeti zone, Chapare, the following alleged traffickers were arrested: Jose Santos Villarroel, Ricardo Nogales Fuentes, Ruben Chura Jaldin, Julio Flores Avila, Liberia Camacho Zapata, and Francisco Vedia.

Antidrug Operations Reported in Chapare

PY0311151088 La Paz PRESENCIA in Spanish 28 Oct 88 2d section p 2

[Summary] Cochabamba, 27 Oct—Hermenegildo Merino, chief of the Public Relations Section of the departmental command of the Special Antidrug Force, has reported on the results of antidrug operations conducted between 20 and 24 October in Chapare.

He said that a Cessna plane bearing license number CP 1870, which was carrying cocaine, crashed in the Santa Rosa-Isiboro area and that 2 M-2 rifles with clips and 200 30-millimeter rounds were seized.

Merino reported the confiscation of 30.1 kg of cocaine sulphate, 296 dynamite sticks, 200 detonators each with 15-cm fuses, 383 5-cm fuses, 120 10-cm fuses, 400 liters of sweet water, 900 liters of diesel oil, 200 liters of gasoline, a truck, a motorcycle, and a minibus. Nine people were reported arrested. The operations were conducted in San Francisco, Eteramazama, Senda 5, Paractito, San Jose, Vueltadero, San Pablo, Villa Nueva, and Libertad. Some 48 cocaine factories, with their 69 extraction pits, were also destroyed.

IDB Grants $33.2-Million Highway Loan

PY0311143188 La Paz PRESENCIA in Spanish 27 Oct 88 p 1

[Summary] On 26 October the IDB approved a $33.2-million loan that will be used for the construction of the Confital-Caihuasi highway. The IDB also granted a $215,500 technical cooperation allocation and a $500,000 loan for the Agricultural Development Action, an organization headquartered in Arani, Cochabamba.

Brazil

Planalto Palace Communique Dismissing Charges

PY0311002888 Brasilia Domestic Service in Portuguese 2100 GMT 3 Nov 88

[By reporter Irineu Tamanini from Planalto Palace]

[Text] Today the Planalto Palace put an end to the accusations made against President Jose Sarney by the Senate CPI [Congressional Investigative Committee], which is investigating irregularities in public administration.

In a 35-line communique, released and read by Justice Minister Paulo Brossard, the government defends itself against the accusations, stating that the report, which was composed by the CPI sponsor, is not serious; that it (?reflects) the conclusions of Senator Carlos Chiarelli; and that the accusations are legally irrelevant and will not have any valid legal effect.

[Begin Brossard recording] The author of this slanderous report does not ignore the fact that it is irrelevant. With the clear intention of insulting the president of the republic, the author does not hesitate to violate the universal rules of justice.

In this process the senate is acting as a court, hearing accusations under the direction of the Federal Supreme Court president. The bias has even reached the point of attempting to transform the senate into an accusatory body. For the process to be able to proceed legally, the senate would have to become a judging court. Thus, the senate would be judge in it's own case. [end recording]

According to Minister Paulo Brossard, President Sarney will wait for the conclusion of the CPI work, which has already been described in the communique as rash.

Government To Pay Frozen URP, Bonus

PY0411024188 Rio de Janeiro Rede Globo Television in Portuguese 2155 3 Nov 88

[Text] The government has decided to pay the URP [price reference unit] that was frozen in May, plus a bonus, to federal employees. Today striking workers held a demonstration at the esplanade in front of the ministry buildings.

Because representatives of business, labor, and the government were attending a meeting on the anti-inflation pact, the striking workers went to the Labor Ministry building.

The demonstration increased its momentum as participants of the meeting started to arrive. Police were everywhere, but there were no incidents.

Later the striking workers went to the Administration Ministry building. This is where they remained the entire afternoon, awaiting the government's proposal.

Early this evening, after a talk with President Sarney, Administration Minister Aluizio Alves reported the government's decision.

[Begin Alves Recording] In addition to the URP and the corresponding month's salary, the government has decided to pay in November the URP that was frozen in May plus a bonus of 25,000 cruzados to all public administration employees and employees of state-owned companies and foundations. [end recording]

According to Minister Aluizio Alves, strikers will not be paid for those days they do not work.

The strike command will meet tonight to set the date for the assembly to study the government's proposal.

Navy Minister on Nuclear Submarine Project

PY2810121888 Brasilia Domestic Service in Portuguese 2100 GMT 27 Oct 88

[Report from Congress by reporter Cesar Bereis]

[Text] Navy Minister Henrique Saboia is participating in a seminar on nuclear energy sponsored by the Congressional budget commission.

Brazil is still not building a nuclear submarine, but it is carrying out research to be able to do so in the future. This was reported by Navy Minister Henrique Saboia, who today participated in a seminar on nuclear energy organized by the Congressional Budget Commission to learn of the government's budget plans for 1989.

The minister said that the construction of a nuclear submarine is an extremely complex process, comprising three aspects.

[Begin Saboia recording] The construction of a nuclear submarine is an extremely complex process, which has three main aspects: First we must learn how to build submarines, which is completely different from building ships. Second we must learn how to design a submarine and third, we must learn how to build a nuclear reactor with which to propel the submarine.

The Navy is working on these three aspects of the program. We currently have a program for the construction of conventional submarines in the FRG. This submarine will be ready in the (?next few) days. [word indistinct] we will build three other submarines similar to these in the Navy shipyard of Rio de Janeiro. [passage indistinct] of the submarine construction in the FRG.

Regarding the other aspect, that is, the design of the submarine, our Navy engineering office is working on it.

Third, the [words indistinct] of the reactor is in the hands of [words indistinct] which is working together with the IPEN [Institute for Nuclear Energy]. They are working on all research aspects of the nuclear field.

In conclusion, the building of a nuclear submarine depends on funds which for the moment being are not available. We are spending money on research. If you look at the Navy Ministry budget you will see there is not a single cruzado available for building a nuclear submarine. [end recording]

According to Minister Saboia, the cost of the Sao Paulo Research Comission [Comisao de Pesquisa do Estado de Sao Paulo—COPESP] for the nuclear submarine project will total 14 million cruzados.

Angra-I Nuclear Plant Resumes Operations
PY0411015988 Rio de Janeiro Rede Globo Television in Portuguese 2155 GMT 3 Nov 88

[Text] The Angra-I nuclear plant, located in the Angra dos Reis District, on the coast of Rio de Janeiro State, is again operating. For 1 year, the nuclear plant was shut down because of a malfunction in the reactor.

Brazil had to spend $2 billion, over 900 billion cruzados, to build the Angra-I nuclear plant, which started construction in 1972 and which was inaugurated in 1981.

In June 1987, the Angra-I nuclear plant reactor stopped operating because of a malfunction in the electrical generator.

After 1 year and 4 months, the Angra-I plant has started to operate again, but only at 30 percent of its capacity.

Built in the stretch of forest along the Atlantic coast on the (Itao) beach in Angra dos Reis, the Angra-I nuclear reactor started to operate in 1975. Since then, it has only created doubts. Angra-I has spent more time out of operation than in operation. It has been out of operation over 20 times.

The most serious problems is one that affected the steam reactor. This defect originated in the factory. Therefore, the U.S. company Westinghouse, which sold the plant to Brazil, was held responsible for the defect.

Brazil has paid for the repair. The Angra-I plant is now back in operation, and it will reach its maximum capacity by next week.

The Angra-I reactor produces 656 megawatts. This is 20 percent of the energy consumed in Rio de Janeiro. Experts will know if the repairs made by a German company have been successful only after the reactor has achieved full power. Repairs on the Angra-I generator have cost over 2 billion cruzados.

In the city of Angra dos Reis, 30 Km from the plant, local residents say their happiness is over because the plant has resumed operating.

Their objective now is to learn what to do in case of an emergency.

*** Performance of 50 Leading Firms Discussed**
33420002 Sao Paulo EXAME in Portuguese 21 Sep 88 pp 26-33

[Text] The contracting firm from Bahia has become the largest national private group in sales and has knocked Pao de Acucar out of first place, in a difficult year for state-owned companies.

Let them say what they will and criticize as much as they like, but one thing cannot be hidden—how much nostalgia there is for the times of the Cruzado Plan. Well, maybe not that much, but it is worthwhile to try for some numbers. During that period, it is true, a fattened ox was worth less than a skinny ox, a used automobile cost more than an automobile straight off the showroom floor, there were shortages of almost everything, and charging a premium for exchanging currencies became institutionalized. In fact, the country's economy sank into general disorganization. It is also undeniable, however, that never has so much money been earned as in 1986. One only has to compare last year's balance sheets of the 50 largest Brazilian entrepreneurial groups—8 of which are state-owned, 22 of which are Brazilian private firms, and 20 of which are foreign-owned—with those of 1986. Judging by Brazilian standards, the mountain of profits reached the heights of the Himalayas in that year. When all the bills were paid, the 50 companies pocketed the record sum of $5.9 billion. In 1987, the results plummeted into the depths as if hurled from a precipice. Had they all been one large corporation, the 50 largest firms would have registered a loss estimated at $1.5 billion on total billings of $96.3 billion.

It was, paradoxically, a year of glory for Odebrecht, a holding company that controls 30 firms, has 50,000 employees, and had billings of $2.1 billion in 1987. With that, it knocked Pao de Acucar out of first place and took the lead among private national groups in rankings based on volume of sales. "That is the result of the diversification that we initiated in 1978," says Emilio Odebrecht, vice president of the conglomerate, which, originally limited to heavy construction, is now active in such widely differing areas as chemicals and petrochemicals, petroleum exploration, and data processing. It was not just diversification that made Odebrecht number one. In the interval between the resignation of Minister Bresser Pereira and the swearing in of Minister Mailson da Nobrega, it won the competition for the construction of the hydroelectric plant at Pedra do Cavalo, in Bahia, in an operation made possible in the cabinet of the secretary of the treasury at that time, Andrea Calabi.

In this new ranking of the 50 biggest groups, there is still other news. Autolatina, for example, has moved up to rank as the largest private group in the country, although that should not provide much consolation to a company that lost $175.7 million last year. The poor performance of the state-owned companies can be measured by Vale do Rio Doce, which, for the first time, slid into the red; it had a loss of $189 million. But that is pocket change

compared to the disaster suffered by Siderbras, where the shortfall was $2.3 billion. EXAME's list has four new names on it: Klabin, Alcoa, and Basf, which appear on the list for the first time, and Moinho Santista, which dropped off the list last year. Conglomerates such as Camargo Correa, Sendas, and Mannesmann disappeared from the list.

Paying the Bill

In some ways, the situation is contradictory. In real terms, sales of the biggest conglomerates grew 5.4 percent over the 365.9 percent rate of inflation in 1987. The previous year, even with the euphoria caused by unchecked consumerism, the real increase in revenues had not surpassed 1 percent. The explanation is not as complicated as it seems. First, during the Cruzado Plan, the growth of sales, which exploded between 29 February and the beginning of November, was reduced in real terms with the decontrol of inflation in the last two months of 1986. Then, during most of the year, the companies' profit margins remained at just barely acceptable levels. In the third place, their financial expenses, both those being paid off in cruzados as well as those being paid off in dollars, benefited from low interest rates and the freeze in the exchange rate.

But like everything that is artificial, the party came to an end and someone had to pay the bill. With inflation on a stampede, prices out of balance, and the cost of money sky high, profit margins really could do nothing other than plummet in 1987, independently from the growth in billings. Of the 50 largest groups, 29 showed a growth in sales, compared to 14 whose billings were negative. There is no information available for the other seven. On the other hand, just seven groups had larger profits last year than in 1986. Led by Telebras with $421 million, followed by Mercedes Benz, which was tops among the profitable multinationals with $154.4 million, groups such as Ipiranga, Pirelli, Andrade Gutierrez, and Copene appear on this privileged list. Not even Votorantim, the national group that showed the greatest profit, escaped from this drying up of profits. From $178 million in 1986, the conglomerate of the Ermirio de Moraes family closed its balance sheet with a profit of $151.2 million [in 1987].

Savings Passbook

So, by and large, the big groups sold more and earned less last year. That can be proved by the drop in profitability of their assets, an indicator that measures the relationship between profits and the company's liquid assets. Last year, the rate was 7.6 percent, the second lowest since the recession of 1983, when it was just 4.5 percent. This means, among other things, a capital yield just 1.6 percent higher than what is provided by a savings passbook account. That is awful, warns Professor Stephen Charles Kanitz, of the School of Economics and Business Administration of USP [University of Sao Paulo], who was responsible for working out EXAME's ranking of the 50 largest groups. "It is an impediment to productive applications, mainly those encouraged by foreign capital," says Kanitz.

Separately, according to the origin of the capital, the foreign groups had a little better return than the average last year. For just 2.7 percent of the national private groups, they ended up with a rate of 9.6 percent. On that item, the great disaster was no doubt embodied by the state-owned companies. All together, the government's eight mastodons paid dearly for a negative profitability of 5.4 percent, a behavior quite different from that registered in 1986, when that index knocked at the door of 8.7 percent. Although slightly below the indices of profitability of the private groups, the positive performance of the state-owned companies had been to a great extent responsible for the explosion of profits in the year of the cruzado. No less than 67.9 percent of the amount achieved was due to the government-run firms.

Last year, on the other hand, the state-owned companies spearheaded the losses. Vale do Rio Doce, with a loss of $189.8 million, Eletrobras, with $79.6 million, and especially Siderbras, the holding of Uniao's iron and steel firms, with $2.3 billion, were wallowing in red ink. And, with the exception of Eletropaulo and Telebras, other state-owned groups that had enjoyed an excellent performance in 1986 almost went under. That is the case of the Federal Railway Network, where profits plummeted from $247 million to $5.4 million. That is also the case with Petrobras, which earned a profit of $93.8 million, which is insignificant for the largest Brazilian group, which receives revenues of $9.8 billion.

Scissors

In the previous year, Petrobras and its subsidiaries had raked in a profit of $1.9 billion. Not without reason, 1986 is considered to be the best of its 34 years of existence. Even still working in the black, for Petrobras, just as for Vale and for Siderbras, 1987 was without a doubt the worst year. Two of the blue chip firms of the stock market, Petrobras and Vale, which are always held up as models of well-run state companies, suffered from common problems: out-of-phase prices and rates, in addition to the financial burdens of heavy indebtedness.

In the case of the Petrobras group, a loss equivalent to all the profits from 1986 was registered in the first two quarters of this past year. That loss was the first one ever recorded on its books. Headed at the time by Colonel Ozires Silva, the conglomerate reacted through the Program for Reduction of Costs and Maximization of Results. Behind that pompous name was hidden the company's intention to cut its costs and investment expenditures deeply. Even so, the savings of $500 million, achieved at the expense of sacrificing the goal of producing 700,000 barrels of oil per day, were insufficient. Had it not been for the contribution of affiliated firms, with Petroquisa leading the way, the final result would have been the loss.

The scissors also cut deeply into Vale. A $180 million slice of investment and cost expenditures was cut out in the face of its Economy Program. Expenditures weighed more heavily on the world's biggest exporter of iron ore than the outdated prices of its products and rates on the Carajas-Sao Luis and Vitoria-Tubarao railroads. Contracted as part of the implementation of the Carajas Project, these expenditures added up to nearly $2.7 billion at the end of 1987. Of that total, $1.5 billion was from loans of foreign currency, notably in Japanese yen and German marks. With the appreciation of those currencies which has taken place compared to the dollar during the past year, the expenses of servicing the debt have risen.

Transferring Income

Among the 50 largest groups, state-owned conglomerates such as Vale and Petrobras, although lower in number, are higher in almost all categories. Of the $60.1 billion in net assets, 71 percent correspond to the government-owned companies. They are also responsible for 40 percent of total revenues and 78 percent of total assets—$148.3 billion—of the 50 groups. They rank below the national private companies only with regard to largest employers. The private firms employ 40 percent of the 1.3 million employees of the 50 largest groups and the state-run companies employ 39 percent. But with regard to debts, they are unbeatable. At least 83 percent of the $88 billion owed by the top 50 can be debited to the accounts of the state-run corporations.

At Siderbras, indebtedness seems to have reached a state of paralysis. In all, the official iron and steel holding company owes $14.3 billion on the open market. According to an internal study, nearly $12 billion has been accumulating since 1979, as a function of the displacement of steel prices. Last year alone, explains Pedro Barotti de Carvalho, who is the assistant to Siderbras's director of control, revenue losses reached $750 million. "It all began in the Geisel Government, which believed that steel prices accelerate inflation," says Carvalho, exculpatorily. According to him, that theory has been disproved by studies from Fipe-USP. For Fipe, increases of 30 percent in the prices charged by the iron and steel companies imply only a 1 percent increase in inflation.

The group's position became even more delicate with the failure of the recovery plan approved by the federal government last year. Through the plan, Siderbras would assume the $7.5 billion in debts of its subsidiaries, and would then be capitalized with funding from the National Development Fund (FND). Siderbras did its part but received only $4.5 billion. The result was that, in addition to the loss of $2.3 billion, the company closed its balance sheet with negative net assets of $113 billion. This means that it now owes the equivalent of all its assets plus a little bit more. On the next balance sheet, however, that picture should reverse itself for two reasons. First, because the government delivered $2 billion more to the group at the beginning of September. And second, because in the first 2 weeks of this month [September 1988] the holding company launched a record issue of debentures, valued at $2.1 billion. "That does not solve all our problems. Nevertheless, it makes it possible to stretch out the debts," states Carvalho.

Tight Margins

If the state-owned companies were excluded, the performance of the large groups would not have been so catastrophic; but, even so, 1987 still would have been less generous than the previous year. The national groups, for example, saw their profits plummet from $1.1 billion earned during the year of the cruzado to $285 million. Of the 22, 4 paid a heavy price for the loss—Varig, Mendes Junior, Copersucar, and Caemi. Varig, leader among the air transportation companies, lost the most—$232.3 million. Following in its footsteps was Mendes Junior, the country's biggest contractor, with $123.3 million. Foreign firms also faced a diet, although a less strict one. They earned $633 million in profits, which was $167 million less than in 1986.

Only one of the latter suffered a loss: Autolatina, with $175.7 million. Formed by the association between Volkswagen and Ford, Autolatina moved up to second place in last year's ranking of the 50 largest groups. Among the privately-owned groups, it is in the top spot, knocking Shell out of that position which it had held for many years. Losing the top position, however, was not the biggest problem for Robert Anthony Broughton, president of the Anglo-Dutch group in Brazil. That had already been expected as a result of the merger of the two largest assemblers in the automobile industry. Broughton is really preoccupied with his own navel. Operationally, says the Shell president, 1987 was better than 1986. Fuel sales grew by 2 percent. Furthermore, Shell managed to increase its market share of the distribution of alcohol and gasoline by almost 1 percent, thus consolidating its position as the second- largest company in the sector, with 21.5 percent of the national market.

Additionally, the performance of its subsidiaries continued upwards, principally those in the area of aluminum, which benefited from the recovery of prices on the international market. As Broughton shows, however, the final result was worse. The service on his companies' $300 million foreign debt was further burdened by the policy of acceleration of currency-exchange devaluation. In addition, the profit margins of distribution operations, which are responsible for 85 percent of the group's billings, continued to be narrow. And so, after having knocked on the door of $65 million in 1986, liquid profits fell to $45 million. But it was not just having earned less money that made Shell's boss uncomfortable. "The ups and downs of economic policy do not make company management any easier," Broughton complained.

Strategic Move

In 1978, tired of dealing with the manic-depressive psychosis of the Brazilian economy, which gives Shell's president the shivers, and the cyclical crises of his own sector, Bahia entrepreneur Norberto Odebrecht decided to make a strategic move in his business. Up until that year, his business had consisted of the construction firm that bears his name and whose main client is the government. Two basic decisions were made, says Emilio Odebrecht, who is Norberto's heir and right arm in Odebrecht S.A., the group's holding company: to expand engineering services overseas and to diversify activities in the domestic market.

Some 10 years later, Odebrecht is harvesting the fruits of that strategic move. Thanks to billings of $2.1 billion, it is ninth on the list of the top 50 and first among the 20 largest national groups when ranked according to revenues. So Odebrecht occupies the place that seemed to belong to the Pao de Acucar Group, which has dropped to third in the rankings in the midst of a serious administrative crisis and internal disputes among its management. In spite of the fact that it still seeks 65 percent of its billings in the engineering sector, Odebrecht is boldly active in areas such as petroleum exploration, petrochemicals, and data processing. In the last few years the group has acquired CBPO, the sixth-largest Brazilian contractor, and Tenenge, the largest industrial engineering company.

More recently, Bento Pedroso, a Portuguese construction company, has been absorbed into the company. The objective, according to Emilio Odebrecht, who is responsible for investments in that area, is to reinforce Odebrecht's position on the foreign market, the source of 25 percent of its revenues. The group has its eyes on the markets of the Portuguese-speaking countries of Africa and the European Economic Community (EEC). In this way, that portion of revenues paid in strong currencies should continue increasing on the balance sheets of Odebrecht, which plans to continue expanding its business based on its own resources. "Our secret is to have a permanent policy of reinvestment of profits," says the vice president.

The growth of the Bahia group has been astonishing in the last 4 years. From 19th place among the 20 biggest companies ranked by sales in 1984, Odebrecht climbed to 10th in 1985, then to 7th in 1986, and reached the top last year, thanks to an explosion of 99.5 percent in sales. Brasmotor, the holding company that controls some of the principal factories of heavy household appliances, has followed a similar path. In 1985, it was at the bottom of the list of the 50 biggest companies and did not even appear on the ranking of the 20 largest national firms. The following year it moved up to 14th place among national companies, then climbed to 9th place in 1987.

Change in Profile

Last year, the group's sales managed to grow by 29.5 percent. Miracle of miracles, its profits remained in the $25 million range, just like during the Cruzado Plan. That is due to two factors, says Hugo Miguel Etchenique, the president of Brasmotor. First, companies it controls such as Consul and Brastemp managed to increase their market share, changing their sales profile at the same time. "We moved into selling more expensive items, such as Brastemp's side-by-side refrigerators and Consul's air conditioners," explains Etchenique. On the other hand, exports served to give the group more breathing room. Last year, companies controlled by Brasmotor sold $102.5 million on the foreign market. Embraco, which manufactures compressors for refrigerators, exported 80 percent of that total itself.

This year, Etchenique readily admits, Brasmotor may not repeat its 1987 performance. A critic of any type of governmental interference, he goes so far as to use irony. "Formerly, we had firm demand with price controls," he says. "Now the market is free, but demand has vanished." Proof of this is the gigantic "burning" of stockroom inventories promoted by Brastemp, which sold 100,000 refrigerators, washing machines, and clothes driers in less than 1 month. "But you cannot keep on having crazy sales every day," warns Etchenique.

Faced with this prospect, the president of Brasmotor is already prepared to long for the good old days of 1987, just as last year some entrepreneurs ended up fondly remembering the period of the Cruzado Plan. This does not mean that in 1986 we were living in the best of worlds, because from some points of view it was the worst. It is just that for businessmen, every year that goes by seems to be worse than the one before. That may be the current feeling at QG da Alpargatas, the leader in the ready-made clothing industry. With a growth in sales of 3.9 percent, Alpargatas fell from 18th to 19th place among the 20 largest national groups. In the aftermath of the Cruzado Plan, the company went through some bad times. "There was a regurgitation of sales," says Milton Correa Henrique, the group's financial director. "Store owners were simply returning orders that had already been delivered."

With the bulk of its sales aimed at the mass market, Alpargatas is bound to feel the effects of the abrupt drop in the purchasing power of the population in 1988. Henrique does not dare to make forecasts, following the example set by the majority of the executives of the large Brazilian groups, who seem to be walking around blindfolded in the face of the instability of the economy. And if the situation of uncertainty is afflicting the most powerful groups, such as Alpargatas, what can one think of the others? Unless they have one foot firmly planted in the foreign market, rainy weather and thunderstorms can be forecast on their horizons. We will be able to evaluate the effects of the damage on next year's balance sheets.

[Box p 30] Research Criteria

To analyze the country's 50 largest groups, EXAME consolidated nearly 700 balance sheets. Figures were adjusted to prices on 31 December 1987 in the case of those groups that close out their fiscal year on other dates. Following are the criteria used:

- Growth in sales: growth in gross operating revenues, discounting the average inflation of the company's fiscal year, that is, the sum of the IGP's [General Price Index] month by month, divided by 12.
- Revenue in dollars: revenues translated into cruzados at the end of the financial year, multiplied by the average inflation for the period. The result is then divided by the dollar as of 31 December 1987.
- Consolidated profit: total of profits, excluding those contained in the stockroom inventories of products bought from affiliated companies.
- Consolidated liquid assets: total of the group's assets, including minority shares. Inter-company investments are excluded.
- Number of employees: the number at the end of the company's fiscal year.

Chile

Soviet Fishing Boats Reported To Unload Weapons

PY0411011888 Santiago Domestic Service in Spanish 2200 GMT 3 Nov 88

[Text] Admiral Jose Toribio Merino has said that the Soviet vessels near the 200 nautical-mile mark off the Chilean coast unload weapons and other things via Chilean fishing boats.

Adm Merino made these comments at the end of a routine meeting of the government junta, during which three legal measures were approved. One of these measures regarded the bill extending the special authority bestowed on the University of Chile rector.

Asked about charges that Polish, Cuban, and Soviet fishing boats are about 203 miles from the Chilean coast, Adm Merino said the necessary measures are already being taken: Chilean patrol boats are controlling the activities of those foreign vessels. He said those boats are unusually close to the limit of Chilean territorial waters.

[Begin recording] [Merino] Our patrol boats are currently sailing near the limit of our territorial waters and controlling the activities of those boats.

[Reporter] Is it common to see foreign boats that near the 200-mile limit?

[Merino] No, it is not common. They normally fish 300 or 400 miles from our coast, where there are large quantities of fish. [words indistinct] to be nearly 203 or 205 miles from our coast is entirely unusual. [end recording]

Merino explained that, as they are not within 200 miles, they are simply being watched, and that if they enter our territorial waters, they will be told to leave. If they overlook the warning, they will be detained and towed to a port where they will have to pay a fee.

Carvajal Says Soviets Spying

PY0311174088 Santiago Domestic Service in Spanish 1600 GMT 3 Nov 88

[Relay from La Moneda Palace by Graciela Contreras]

[Excerpt] National Defense Minister Vice Admiral Patricio Carvajal has said that a Soviet fishing fleet has been located 203 miles off the 3d Region coast. In addition to fishing, it is carrying out observation operations through electronic communications systems that cover the South Pacific, the Atlantic, and practically every sea.

In this regard Minister Carvajal told journalists:

[Begin Carvajal recording] The Soviet fleet is doing nothing new. The fishing fleet is made up of Soviet, Polish, and Cuban vessels, and it has been there for a long time now. I do not know of what nationality vessels this fleet is now made up but that is how it was made up in the past. The fleet is periodically spotted by the Chilean Air Maritime Search Service [Exploracion Aeromaritima Chilena] that, basically, make sure that they are outside the 200- mile jurisdictional waters.

Therefore, according to international law they have every right to be there. However, they are a matter of concern to Chile because it is believed that the suppliers of the ammunitions, weapons, and bombs found in the northern area came from these vessels. [end recording] [passage omitted]

Christian Left Supports Single Candidate

PY0311145288 Madrid EFE in Spanish 0241 GMT 3 Nov 88

[Text] Santiago, 2 Nov (EFE)—The opposition Christian Left (IC) has decided to create an "electoral party" and to support a single candidate for the Presidency, to represent the sectors that oppose the military regime of Augusto Pinochet.

During a press conference, IC secretary general Luis Maira and his deputy Roberto Calderon today released the political guidelines established by the IC Central Committee during a meeting held last weekend.

The IC also decided to sponsor single opposition tickets for the election of congress in December 1989.

Maira said that the IC will propose to the United Left (IU) the creation of an "electoral party, with a program of government, but without ideological foundations,

which can offer a chance to all the members of the left." The IU includes the outlawed Communist party and a Socialist faction led by former foreign minister Clodomiro Almeyda.

Maira said that "the consolidation of unity within the opposition" is one of the main concerns of his party, and that the IC is willing to support the candidate for the presidency designated by the 16 parties of the accord of parties for democracy (CPPD).

The IC was created shortly after Salvador Allende was elected president in 1970. The IC is a splinter of the Christian Democratic Party, the largest party that opposes the military government.

Commander Discusses Air Force's Future Role

PY2910112088 Santiago Domestic Service in Spanish 1600 GMT 28 Oct 88

[Text] Air Force Commander in Chief General Fernando Matthei has ruled out the possibility of participating in the beginning democratic transition and stressed that the Armed Forces will carry out only professional duties during this stage.

The Air Force commander in chief addressed this issue after presiding over a promotions ceremony for noncommissioned Air Force officers at the Reinaldo Martin Stadium of the El Bosque Air Force Base.

Gen Matthei said that his expectations and hopes are those of a soldier and that he has no political aspirations. He added that the country is going in the right direction and that it is now up to the political parties to regroup and get ready to manage the fate of the country.

[Begin Matthei recording] We believe that at this new stage it is up to the political parties to regroup, as the interior minister said yesterday. I agree with him absolutely and I also agree that they must set a new course for the country. We all agree that this must be done. The president himself has already made it clear that he will step down on 14 March. Therefore, we all agree that we are on the right path. [end recording]

Asked about [former transport and communications minister] General Jorge Massa's departure from the cabinet, Gen Matthei explained that it is the president's wish to have a civilian cabinet and that the Air Force agrees with this. Matthei was also asked about the role that the Armed Forces will play in the new stage that is now beginning.

[Begin Matthei recording] The same role it has always played: defending the country and its sovereignty. The Armed Forces have no other goal than to maintain respect for all Chileans. In order to do this, they must first respect themselves. If the Armed Forces do not respect themselves they cannot expect the Chilean people to respect them. I believe that now, especially since the plebiscite, the country and the world at large respects the Armed Forces for having strictly fulfilled their promises and this is the way things will continue to be done in the future. [end recording]

On the main legacy that the current government will leave, Matthei stressed that it has always done things without yielding to pressures from organized groups. On the contrary, the government has always tried to do things to benefit the majority of Chileans, he added.

PRC Delegation Visits Tax-Free Zone

PY0111222288 Santiago EL MERCURIO in Spanish 25 Oct 88 p C-6

[Names and titles as published]

[Text] Iquique—A PRC Ministry of Machine Building and Electronics delegation has traveled to Iquique to become acquainted with the development of the tax-free zone. The delegation is headed by Deputy Minister Zeng Peiyan, and comprises several members who are also interested in learning about the movement and handling of the PRC merchandise being traded through the Zofri [Iquique Tax-free Zone] system. Deputy Minister Zeng and the other delegation members are particularly interested in the facilities offered by the Zofri for the installation of foreign companies, for tax exemption, and for trade with other countries. The deputy minister said the PRC is interested in developing some projects in Chile, in view of Zofri's development. The consequences of this interest, however, will only become known after his aides report on the result of their studies. Last night, the delegation left for the Chuquicamata mine, which they will visit. Then they will visit Santiago on the last leg of their official visit.

Concha Meets PRC Minister

PY0411014988 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 3 Nov 88

[Excerpt] PRC Minister of Foreign Economic Relations and Trade Zheng Tuobin today told Chilean Economy Minister General Manuel Concha that the bilateral trade, which is currently $170 million per year, should be increased.

The two ministers also discussed the (Beijing-Santiago Copper Chung), the first joint-venture between Chile and China, and the only one between an Asian country and a Latin American country. The (Beijing-Santiago Cooper Chung), which will manufacture copper tubes, will start operating in Beijing next February. The production will begin with 4,000 metric tons annually, but will gradually increase to 10,000 tons annally. [passage omitted]

New Army Deputy Chief Named; Others Retired

PY0411022088 Santiago Television Nacional de Chile Network in Spanish 2330 GMT 3 Nov 88

[Text] President Augusto Pinochet today appointed Brigadier General Jorge Zincke as Army deputy commander. Zincke had been commander of the Santiago Army Garrison.

This information was released this afternoon with a list of Army appointments at the conclusion of an Army special board meeting. The request for retirement by the Army deputy chief, Lieutenant General Santiago Sinclair, who has served in that position for the time established by law, was accepted. Requests for retirement were also accepted from the following major generals: Roberto Soto, Roberto Guillard, Alfredo Calderon Campusano, and Julio Bravo Valdez. All had served for the time established by law.

The following officers were retired for institutional reasons: Major Generals Eduardo Ibanez and Washington Garcia Escobar, and Brigadier Generals Carlos Ojeda Vargas, Manuel Mata Sotomayor, Francisco Martinez Benavidez, and Fernando Hormozabal, Sergio Valenzuela Ramirez, and Ernesto Videla Cifuentes.

The following officers were promoted to brigadier generals: (Eterio Padez Munoz), (Humberto Ledia Gutierrez), Fernando Hormazabal Diaz, Sergio Urrutia, Jaime Concha Pantoja, (Osvaldo Palacios Meri), Carlos Carvallos Yanez, (Guido Riquelme Andaur), Rafael Rios Ojeda, and (Carlos Rulos Molina.)

The Army communique concludes by confirming Major General Sergio Badiola as intendent of the Metropolitan Region. He continues in the Army, but outside the chain of command.

Court Releases Leftist Leader Garreton on Bail

PY0411011388 Santiago Radio Chilena Network in Spanish 2200 GMT 3 Nov 88

[Excerpt] Oscar Guillermo Garreton, leader of the United Popular Action Movement, left the Valparaiso jail at 1730 this evening.

His wife, Virginia Rodriguez; his lawyers, Luis Acevedo, Luis Ortiz, and Aldo Valle; members of his movement; and leaders of the Party for Democracy, to which Garreton belongs, waited for him outside the jail and celebrated his release with champagne.

Garreton said that he was released on 100,000 peso bail and that he is on parole. His release was ordered by Naval Prosecutor Miguel Angel Munoz, subject to confirmation by the Military Court of Valparaiso, which confirmed the prosecutor's decision. [passage omitted]

Colombia

Guerrilla Targets Hit in Armed Forces Offensive

PA0311202788 Madrid EFE in Spanish 1833 GMT 3 Nov 88

[Excerpts] Bogota, 3 Nov (EFE)—Fighter-bombers have launched an attack against guerrilla columns in southeastern Colombia, while National Defense Minister General Rafael Samudio Molina ordered the military to wage an all-out offensive against the rebels, using all available means.

The fighter-bombers' attack against the FARC—which had used mines on Monday to ambush the Army and had killed 11 soldiers—was followed by a government statement yesterday ruling out, for the time being, a dialogue with guerrilla commanders. Today Gen Samudio Molina announced an all-out war against the guerrillas. [passage omitted]

In the past 10 days, the guerrillas have waged a national offensive using ambushes and attacks on police posts and military bases. In addition, they have seized entire towns. These actions have left a toll of more than 120 dead, including rebels, soldiers, policemen, and civilians.

At the funeral services for the 11 soldiers killed in Monday's ambush, Defense Minister Gen Samudio Molina said that "this martyrdom cannot continue," and he urged the Armed Forces to wage "an all-out offensive to destroy the enemy, to eliminate the enemy, to break the enemy's ability to wage a struggle."

Samudio Urges 'All-Out War'

PA0411012488 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 4 Nov 88

[Excerpts] In the most vigorous statement against guerrilla violence, Colombian Defense Minister General Rafael Samudio has announced an all-out war on the subversive movements. Gen Samudio stated this at noon during the funeral for the soldiers killed by guerrillas while the soldiers were doing engineering work in Meta Department. The minister asked the entire nation to support the military response to the guerrillas. His statement seems to leave hanging the peace plan proposed by President Barco less than 2 months ago. Here is a report by Claudia Munoz Rocha:

[Begin recording] [Munoz] During the funeral of seven soldiers who were killed in an ambush in Miravalle, Meta Department, Gen Samudio energetically asked the troops to fight regardless of the dialogue between the government and some guerrilla groups. [passage omitted]

As he left the funeral ceremony, Defense Minister Gen Samudio, in one of his most vigorous statements, declared an all-out war on the guerrillas.

[Samudio] All military forces at this time feel deep sorrow. Permit me to say that our sorrow is imbued with holy wrath and indignation. This church, which has been consecrated for our military institution, has witnessed the many young men, officers, noncommissioned officers, and soldiers who have given their lives for the fatherland. This cannot continue. This martyrdom cannot go on. I think the subversives are asking for a military response, and we are going to give it to them. From this site, I urge everyone, from the commanding general of the military forces to the last soldier, to undertake an all-out offensive, to destroy the enemy, to eliminate them, to break their fighting spirit. If that is the response they want, we will give it to them with a steady hand and with determination. We represent legitimacy. The nation has given us weapons to defend it and we are going to defend it. I think the Colombian people should be prepared to pass into a phase of action, action that does not seem to be evident in the political arena. The subversives will see our response.

[Munoz] What about the dialogue and the peace process?

[Samudio] I do not know anything about dialogue at this time. I know the military forces are going to respond with their weapons. [end recording]

State Security Uncovers 'Terrorist Plan'

PA0311215288 Bogota Inravision Television Cadena 1 in Spanish 1729 GMT 3 Nov 88

[Report by Jesus Garzon]

[Text] A huge terrorist plan to dynamite a vast sector of Bogota was uncovered early this morning by the state secret service. According to the authorities, an urban cell of the Popular Liberation Army, EPL, planned to blow up most of the Bogota electrical system and attack public offices and shops in the city.

One terrorist was arrested, and a large arsenal was seized in various parts of the city. The arsenal included a considerable amount of dynamite, fire bombs, detonators, and electronic devices. The police also seized a laboratory and maps of the places where the attacks were to take place.

The Judiciary Police prevented a powerful bomb from exploding early this morning. It would have destroyed the San Carlos electrical substation and left at least 25 neighborhoods in southern Bogota without electricity for 10 days.

[Begin recording] [Alvaro Hernandez, electrical substation worker] Dynamite sticks inside a PVC pipe were placed under the structure of the substation. Had this explosion occurred, three or four other substations would have been knocked out of service, affecting at least 25 percent of the supply. [end recording]

By uncovering this terrorist plan, the police also prevented the destruction of at least 10 houses located next to the electrical substation.

War School Study Warns of FARC Plans

PA0411003488 Bogota LA PRENSA in Spanish 27 Oct 88 p 14

[Text] A report prepared by the officer training course of the Higher School of War shows FARC is trying to instigate a coup d'etat in Colombia with three main objectives for the future.

The military argues that to gain power before 1999, it would be easier for FARC to discredit a military junta rather than go against a legitimate democratic government.

Among the main FARC goals is the immediate attack against military, political, social, and economic targets that presently support democracy.

In the political field, FARC tries to encourage peasant exodus and mobilization to disrupt development of the government-sponsored National Rehabilitation Plan.

FARC also seeks to divide the country by encouraging class struggles through constant armed and unarmed proselytizing campaigns.

In the military field, FARC tries to increase leadership cadres to consolidate blocs on eight fronts.

Discrediting and wearing down the military apparatus by infiltrating and penetrating them is also encouraged by FARC.

FARC tries to bring politics into the Armed Forces and tries to divide and demoralize them by kidnapping military men to pressure the High Command into taking violent actions.

These are other FARC goals according to the report:

To increase rural fronts to 48 with approximately 28,000 men.

To organize a "ready force" of 288 "companies" with 64 men each.

To set up general headquarters (Green House) with 3,000 men and increase self-defense groups to approximately 10,000 men.

To organize and consolidate urban fighting fronts in the main cities and obtain a minimum of 8 billion pesos for logistics.

In the economic field, to carry out terrorist actions to create unfavorable conditions for Colombian and foreign capital investments.

To destabilize the economy through the encouragement of narcotic cultivation to the detriment of traditional Colombian crops.

To bring economic collapse to businesses by involving trade unions in politics.

In the social field, to encourage peasant marches to give the impression of a government detached from community problems.

Through certain teachers, to create awareness among students that the Marxist-Leninist doctrine is the only viable alternative.

Under the guise of noble intentions of peace and social justice, to seek allegiance with priests, making them mouthpieces of FARC goals and objectives.

The report says that in the military field, FARC seeks through surprise tactics to wear down and undermine some Army member's will to fight.

By attacking several parts of the country, to try and disperse the Armed Forces, thus weakening its combat ability.

To prevent the Armed Forces' contribution to Colombia's development through armed attacks and harassment to units in charge of these types of tasks.

To oppose any draft resolution to increase the Armed Forces budget.

To give the impression among the international community that the Colombian Government system is a restricted democracy with marked military power influence.

To use organizations such as Amnesty International and the International Human Rights Committee to create the image that the military regularly violate human rights in Colombia.

* PNR Progress in Antioquia Detailed

33480014a Bogota EL ESPECTADOR in Spanish 26 Sep 88 pp 1A, 11A

[Article by Luzdary Ayala Villamil]

[Text] Medellin—"If the effectiveness of the National Rehabilitation Plan (PNR) in Antioquia is measured in terms of violence, it cannot be said that much progress has been made."

This assessment of the situation by Luis Fernando Munera, delegate of the Plan in that department, is the most applicable in the Uraba region, given the social strife that is going on there; it applies in the Northeast to a lesser extent, but with violent incidents that pose a grave threat to public order; and also in the mid-Magdalena region, where the military has stepped up its presence in order to keep a peace that few believe in.

The Plan's investments in the department amount to some 6 billion pesos. In addition, a similar investment has been made by the department administration, yielding a total of 12 billion pesos invested in rehabilitation projects. The main focus of such efforts is the Uraba area, given the explosive social situation. According to the departmental delegate, 55 percent of the total funds allocated by the PNR have been spent there.

The dominant theme in Uraba is violence, with a heavy concentration of wealth and severe deficiencies in the water and sewage services, plus the growth of substandard neighborhoods. As a result, the Plan has had to design special housing programs.

In the Northeast, on the other hand, indiscriminate and rudimentary gold prospecting in rivers such as the Proce and the Nechi, and in countless creeks such as the Riachon, has plundered the environment. The region is characterized by the proliferation of cities consisting of plastic tents where entire families reside.

Although an effort is under way to coordinate actions in this area, the departmental delegate of the Plan says that the government has been able to make little progress because of the costliness of bringing high technology to gold mining.

Thus, for example, the municipality of Segovia is literally on the verge of collapse because of the large, permanent shafts dug by the miners underneath it. As a result, the population is sitting on a foundation that is about to cave in. Locals are fearful of such a consequence, yet they resist efforts to curb the opening of new "holes" because they must continue prospecting for gold.

Gold and Poverty

The imminence of gold-based wealth in the Northeast of Antioquia contrasts sharply with the lifestyles of those who come to the municipal seat each day to sell coins of the precious metal, or grams of it on luckier days.

Without any kind of formal organization, the miners go back and forth between wealth and poverty: wealth when they hit a "lucky strike" and significantly increase their dividends, and poverty on the following days, because the money of the miner is "pocket money." When they have a lot, they spend a lot, and when they have nothing, they go hungry for as long as necessary. They are not in the habit of saving for rainy days.

The makeshift mining camps on the river banks move around, depending on where it is rumored that gold can be found. Because of their nomadic lifestyle, following the trail of the precious metal, it is not often that these people can give their children access to education. So the

little ones follow in their parents' footsteps, preparing for a lifetime of panning for gold. The workers of Mineros de Antioquia, headquartered in El Bagre, and those of Antioquena de Minas, located in Anori, Zaragoza, and Amalfi, are the exception to this rule.

Because the PNR has taken little action in this area, they do not have much to say about the program. They dwell more on other kinds of problems that affect them, such as that of the middlemen. These intermediaries try to get the lion's share of every deal, to the detriment of this community.

Coffee as Alternative

Perhaps because of the economic difficulties involved in bettering the lot of the miners, the PNR has emphasized the promotion of agriculture and livestock as a livelihood. This once common activity has been shunted aside by gold fever and by the lack of roads and storage centers in the region.

Thanks to the Agroindustrial Program of Northeastern Antioquia, headquartered in Vegachi, peasants have taken a renewed interest in tilling the soil, according to the coordinator for the Northeast, Leonardo Zapata.

In Amalfi, one of the municipalities where the PNR enjoys a better reputation, Mayor Francisco Alfonso Quintero Castano expresses his satisfaction with the increase in coffee growing. Because communities from the Southwest have moved to this area, primarily a coffee-growing region, a coffee boom is under way. Now there is a combination of gold mining and coffee cultivation. So much coffee is being planted, he remarked, that in about 5 years the municipality may be ranked among the five top producers in this region.

Now the PNR has an even greater commitment, given that the strengthening of the coffee sector depends increasingly on opening new channels of communication and effective access to markets. It should be noted that the lack of roads between villages has made farming so unpopular that rice, which in years past flourished in the fields of Amalfi, is grown noncommercially in only a few small paddies today. Indeed, the thresher that used to operate in the area has stopped because the high cost of transporting the machine, given the lack of roads, precluded charging competitive prices.

In addition to this situation, there is a monopoly on transportation in the region. Consequently, the owners of the firms that provide service here can charge whatever rates they wish.

Solution

As far as public order is concerned, the residents of Amalfi claim that peace reigns in their land. Perhaps the fact that the mayor can go around town without bodyguards (a constant consideration for most mayors of PNR cities) is a good indication of the tranquility that prevails among the citizens.

The military is present in the form of a detachment of the 14th Brigade that was stationed there about a year and a half ago. And the guerrillas? Someone jokingly answered: "Here in Amalfi people give just one answer: 'No one takes over his own house.'"

The advantage the Plan has had in municipalities such as Amalfi is that the funds for special projects have been turned over to the Antioquia Development Institute (IDEA) in the form of a trust. This avoids the red tape that frustrates the community and even Plan officials, who at every council meeting try to bring the most positive responses to the people's demands. Similarly, the Plan has turned over funding for the construction of aqueducts to Acuantioquia.

Amalfi, according to civic and political leaders, is in a privileged position because of the great strides made by the Program. The Plan has invested more than 500 million pesos there in a series of projects that include the expansion of urban aqueducts and sewage systems, the construction of the Peasant House, rural electrification, and the widening and improvement of roads.

One of the highways most appreciated by the community is the one between Rumazon and La Vetilla, a project that has been demanded for at least 25 years. The PNR allocated 250 million pesos for the execution of the first phase. Like this highway, the majority of the roads are now under construction, as is the case with the Floresta-Rio Mata-Santa Isabel road.

As for rural electrification, a total of 34.7 million pesos has been allotted. It will cover the villages of La Vibora, La Maria, and El Toro, and more than 100 peasant families will benefit. In addition, the electrification of Las Animas, El Silencio, La Manguita, La Clara, Montebello, and La Pradera is slated for 1989.

Anori, another town in northeastern Antioquia where no one can recall any government presence in previous years, also owes a lot to the PNR.

The mayor of this town, Pedro Pablo Agudelo, acknowledges that the Government Plan has carried out minor projects in which the community has participated actively, as well as more ambitious projects such as the water and sewage networks, for a total investment of 98 million pesos.

*** Foreign Investment, Capital Flight Studied**
33480014b Bogota EL TIEMPO in Spanish
25 Sep 88 pp 1A, 8A

[Text] The money that Colombians have abroad would be enough to pay off the country's entire foreign debt. It amounts to more than double the country's foreign reserves.

Informal contacts with bankers and businessmen around the world, carried out with the cooperation of a prestigious foreign firm, revealed that national capital located outside the country totals an estimated U.S. $18 billion.

In the United States, especially New York and Miami, the banking sector has nearly $8 billion in deposits by Colombians; in Panama the total is $3 billion, in the Caribbean $1 billion, in Switzerland $5 billion, and in other financial centers of Europe, particularly Luxembourg, $1 billion.

These estimates do not include the money garnered from drug trafficking, most of which is invested in other types of assets or is deposited in entities that are not, strictly speaking, banks.

This surprising revelation is contained in a study conducted by Rafael Gama Quijano, former manager of the Bank of the Republic, titled "Financial Investment Abroad by Some Colombian Banks."

The initiative for carrying out the study came from an agreement between the Bank of the Republic and some commercial banks regarding the opportunity to evaluate Colombian banks' activities abroad.

Indeed, one of the first conclusions reached by the study is that the elusive capital could be an important source of funds for the banking institutions' foreign subsidiaries; their financial situation is not the best at present.

So far, subsidiaries of national banks have been able to attract an insignificant portion (5 percent) of the capital that has left Colombia, according to the study. The explanation for this is that "for obvious reasons of mistrust, Colombian customers tend to believe they are better safeguarded by the reserve and secrecy provisions of banks that are not Colombian."

Debt Burden

According to the study, the foreign offices of Colombian banks face very serious problems at this time as a result of two different situations.

The first: "Credits granted for huge sums, especially in Panama, for local construction projects, with mortgages, and for loans in Colombia through very intricately connected institutions. In other words, what the Bank of Bogota and the Bank of Colombia did, one after the other."

The second: "The extremely large loans granted to Latin American countries that have been immobilized for many years as a result of the debt crisis in the region." The latter is particularly important.

Gama Quijano's study focuses on six banks (Bogota, Cafetero, Colombia, Ganadero, Industrial Colombiano, and Occidente), which were the most keenly interested in the evaluation. They account for 81 percent of Colombian financial investment abroad.

The portfolios of these six banks' subsidiaries totaled $1.462 billion in December 1987. "Of that amount, 71 percent corresponded to the Bogota and Cafetero Banks, which had $441 million and $594 million on their books, respectively."

Of the total portfolio amount, $784 million (53.6 percent) was deposited in Colombia; $214 million (14.6 percent) in Panama; $357 million (24.4 percent) in Latin American countries that have restructured their debt; and the remainder in different countries (including the United States, with 6 percent).

Another problem facing the banks' foreign subsidiaries is that the vast majority of them obtain their funds in the form of very short-term investments. "Approximately 94 percent of such deposits are checking accounts, savings accounts, and time deposits with terms of no more than 120 days, while these same funds are put into instruments with maximum terms of up to 20 years, as a consequence of the restructuring of the debt that many Latin American debtor nations have implemented."

The study cites this factor as the reason why it must be made easier for the Colombian banking system, especially those banks that have authorized investments abroad, to obtain funds in foreign currency so that they can restructure their portfolios.

Obtaining Resources

One of the most important sources of funds, of course, would be the "escaped" capital. In this regard the study contends that "by all accounts it would be a good idea for officials to study the possibility of authorizing the Colombian financial system to obtain time deposits in foreign currency from nonresidents."

This measure, says Gama Quijano, "could be relatively successful if officials allow national banks to charge competitive interest rates on time deposits in foreign currency, and if they require the banks to channel these funds into the financing of Colombian imports."

In addition, however, "it is essential that the government reaffirm its willingness to respect the reserve requirements and banking secrecy provisions of the countries from which this investment in Colombia originates. Without that element, any attempt to obtain positive results would be futile."

The study recommends, moreover, an improvement in the banks' ability to operate in international exchange transactions with their own funds. "The Monetary Board," it says, "would have the power to extend the

current term for repayment so that credit institutions could obtain their own position in foreign currency by buying the foreign exchange that is earned from exports of Colombian services, primarily from tourism, personal income, and transfers and donations." Today, much of this funding comes into the Bank of the Republic through the so-called "back window" [ventanilla siniestra], and another significant portion is "repatriated capital."

As an alternative, given that many of the banks' problems abroad stem from their loans to Latin American countries, the study proposes exploring compensation mechanisms that would enable them to reduce their reciprocal obligations with other countries in the region.

This procedure, for which it would be necessary to conduct negotiations at a very high level of government, "would have major implications not only of a financial and economic nature, but also of a political nature, since the countries of the region would be able to reduce their debts to each other through trade, while the service on their obligations to third countries would undergo no substantial modifications."

Gama also recommends that officials continue to explore the possibility of exchanging portfolios for capital (in the so-called "swap" transactions), but they should take into account the new conditions on the market.

He suggests, furthermore, "that a commission be formed, made up of representatives of the Finance Ministry, National Planning, the Bank of the Republic, and the Banking Superintendency, so that new regulations for foreign investment in the banking sector can be drawn up."

Regarding the location of investments, as a result of the deterioration of the situation in Panama, Gama recommends that more investment be channeled toward the United States, Miami in particular. Investments are welcomed there, and the terms are more favorable, both politically and with respect to financial control.

Colombian Financial Investment Abroad, By Country (Millions of U.S. Dollars)

Country	Total	Share
Panama	84.0	46.8
U.S.	36.9	20.5
Bahrain	14.5	8.1
Bahamas	6.2	3.5
UK	2.7	1.5
Cayman Islands	1.3	0.8
Peru	12.0	6.7
Chile	11.9	6.6
Venezuela	9.3	5.2

Colombian Financial Investment Abroad, By Country (Millions of U.S. Dollars)

Country	Total	Share
Total	179.7	100.0

[Box, p 8A] Investment Abroad

The expansion of Colombian banks into international financial centers came about primarily in the 1970s, and it emphasized just a few financial centers.

As of December 1987, 81 percent of investment was in Panama, the United States, Bahrain, the Bahamas, the United Kingdom, and the Cayman Islands. The remaining 19 percent was divided among Peru, Chile, Venezuela, and Curacao.

As of that same date, financial investments were distributed among 21 subsidiaries, 4 branch offices, and shares in Arlabank (6.46 percent), Bladex (1.46 percent), Eulabank (5.77 percent), Extebandes (19.9 percent), and Bank & Trust, a credit bank (38.8 percent).

The value of total investments abroad by Colombian banks ($180 million) accounts for 67 percent of their capital and legal reserve, and 15 percent of the value of their assets in foreign exchange.

As for the type of investments, 38 percent are in the form of foreign drafts against the country's foreign reserves, 37 percent are accumulated capital, and 25 percent take the form of foreign credit.

Foreigners' investments in financial and service establishments in Colombia amount to $174 million, compared to the $180 million invested abroad by Colombian banks.

Ecopetrol Discovers Oil Reserves in Tolima

PA0311184988 Bogota LA PRENSA in Spanish 25 Oct 88 p 27

[Summary] The Mines and Energy Ministry has announced that Ecopetrol [Colombian Petroleum Enterprise] discovered a new oil well in Tolima, with reserves that could reach 100 million barrels.

Correction to Resignation of CUT President

The following correction pertains to the item headlined "CUT President Resigns Following Strike," published in the 2 November Latin America DAILY REPORT, page 39, column one:

Last paragraph of column, from line three, reads: ...the Patriotic Union (UP), the Popular Front, and the To Fight [A Luchar] movement—all leftist forces—"have made every effort to make.... (rewording, adding vernacular and dropped phrase)

Peru

President Garcia Receives PRC Minister

PY0311131888 Lima Television Peruana in Spanish 0100 GMT 3 Nov 88

[Text] President Alan Garcia met with PRC Minister of Foreign Economic Relations and Trade Zheng Tuobin at Government House this morning, where he emphasized the good level of relations between Peru and the PRC.

[Begin recording] [Zheng, in Chinese, simultaneously translated into Spanish] I would like to convey the greetings of PRC President Yang Shangkun. We are convinced that bilateral political, eocnomic, and cultural cooperation will be further strengthened. Thank you very much.

[Garcia] We are very satisfied to have met with the PRC minister of foreign economic relations, who has come to sign a commercial exchange and cooperation accord. We are sure that this will enhance relations. We want to link the development of Peru with the development of the PRC which, as everyone knows, has taken a giant step forward thanks to the modernization of its economy and to the contribution of foreign capital. The PRC is now a great economic power on the other side of the Pacific ocean, and we are interested in promoting bilateral exchange and, especially, in promoting the investment of PRC capital in the mining sector. The PRC minister has met Peruvian officials to analyze the possibility of arranging PRC investment in projects like (Corocohuaico), which is linked with the (Tintaya) [not further identified] plant. Our visitor will soon meet the Lima mayor, with whom the government has entrusted the mission of analyzing the possibility of purchasing PRC passenger transportation equipment. PRC-made buses, especially articulated buses, have advanced technology and their price is at times only half of current world market prices. That is why we have entrusted the Lima City Hall with that mission, to see whether we can soon alleviate the problems of urban transportation by commissioning hundreds of PRC-made articulated buses, which have served a market of more than 1 billion people and which are, consequently, of high quality.

I am sure that the presence of the visiting minister will help consolidate concrete projects and increase exchange. He will convey my greetings to the PRC Government leaders and to the CPC leadership. He will also transmit our permanent expectation over the modernization process that they are implementing. Thank you very much. [end recording]

Cooperation Agreement Signed

PY0311132288 Lima Domestic Service in Spanish 1140 GMT 3 Nov 88

[Text] Foreign Minister Luis Gonzales Posada has said that the PRC is supporting the development of the country with important investment agreements that are intended to shore up Peru's economic reactivation.

The foreign minister made this remark after signing an agreement with the PRC by which the latter will invest nearly $150 million in the country.

The ceremony took place at the Torre Tagle Palace [Foreign Ministry Building]. The agreement was signed by Zheng Tuobin, PRC minister of foreign economic and trade relations, and Foreign Minister Luis Gonzales Posada.

Gonzales Posada said the agreement is within the framework of the Peruvian policy of increasing trade with the Pacific Ocean region.

* Garcia, Barrantes Blamed for Economic Woes

33480017b Lima OIGA in Spanish 26 Sep 88 pp 28-34

[Article by Pedro Planas]

[Text] The story of Alfonso Barrantes' partial responsibility for the economic and political failure that bears the signature of Alan Garcia's 3-year-old administration dates back to none other than election day, 14 April. When the projected vote revealed Alan Garcia as the virtual winner, even though he did not have the 50 percent required by the Constitution, Barrantes, the head of the United Left (IU), paid a visit to the American Popular Revolutionary Alliance (APRA) candidate. Beyond the usual explanation to the press ("we have discussed the country's problems"), the details of the conversation were not revealed. But it was there, that afternoon, at Alan Garcia's home, where a very unusual collaboration began to take shape between the IU, through its President Alfonso Barrantes, and the government of Alan Garcia.

During the election campaign, Barrantes always aimed his verbal darts in such a way as to contrast the alternative of the IU with the "commitment to all Peruvians" promised by Alan Garci.. "You can't be with God and the devil both," Barrantes was fond of saying at that time. At a rally in Chiclayo on 23 February 1985, the IU candidate challenged Alan Garcia to a debate between just the two of them, without Bedoya or Alva Orlandini. He demanded that the candidate of the Aprista Party of Peru (PAP) explain to the Peruvian people why he did not agree with the nationalizations that the IU advocated.

Barrantes Pulls Out of Runoff

That was during the campaign. After Barrantes' aforementioned visit to Alan, when it was clear that the two would go into the runoff, the IU leader was still showing his eagerness to confront the Aprista candidate. The runoff, explained Barrantes, would be "a good opportunity for the two winning candidates to discuss our proposals publicly." As the meetings, both secret and public, progressed between the two sides, Barrantes lost his enthusiasm for the confrontation. In a surprise move, contrary to the majority opinion of the IU parties, he declined to participate in the runoff. In other words, he refused to pit his ideas and programs against those of the Aprista candidate, Alan Garcia Perez.

But the press was lying in wait, suspiciously, of course. Barrantes defended himself against any speculation: "There will be no pact with the Aprista Party," he declared, "because there is no need. We will support anything that serves the interests of the majority. And we will oppose anything that runs counter to such interests" (LR, 4/25/85). An ambiguous, excessively loose phrase, from which one must wrest the following: that to back the APRA, the Aprista government, the IU has no need to sign any pact.

Alan: "Alfonso, You'll Be My Candidate in'90"

The meetings between the two buddies, Alan and Alfonso, continued. (It was rumored at the time that at one such meeting, perhaps before Barrantes pulled out of the race, the persuasive Alan said to the IU leader: "You'll be my candidate in'90.") Barrantes invited the then president-elect and his wife to attend the opera "Rigoletto" at the Municipal, and to reciprocate, Alan and Pilar invited Barrantes to lunch at their new residence, Chacarilla. What did they talk about at that lunch? Barrantes explained to the press upon leaving Alan's residence that the "dialogue was aimed at searching for fundamental points of agreement so that we can attack these problems," referring to the foreign debt and the national economic situation.

As has become patently clear during these 3 years, the "fundamental points of agreement" were related to not only programs (see the article "Alan Sank Us with the IU Program"), but also policies. Without expressing any misgivings, on 15 July, before Alan's message, Barrantes laid the foundation for IU's support for the president-elect. "Since he can count on the support and backing of the rank and file, he also has the cooperation of the United Left on all points on which we agree, from the standpoint of constructive criticism."

"IU Wasn't Made To Split Hairs With APRA"

After the presidential message of 28 July, Barrantes ended the suspense about the "fundamental points of agreement." He backed Alan because "he has had the courage to face up to the International Monetary Fund" and thought that the payment of 10 percent of export earnings "is a position of national sovereignty, and whatever success its application has depends on how unified the country is" (LR, 7/31/85). This "national unity" implied a subliminal request by Barrantes to line up behind the postulates of President Garcia. Then Barrantes was labeled "pro-APRA," but he replied: "The United Left will not succumb to irrational anti-Aprism or to fawning subservience" (EXP, 10/17/85). And contradicting the critical comments within the Marxist conglomerate, he explained that the IU "was not made to split hairs with APRA, but rather to carry out social change in the country" (EC, 10/16/85), which really means not attacking the Aprista government.

Collaboration Causes Sparks To Fly in IU

At the first meeting of the Expanded National Committee of the IU, held on 18 October to delineate a position in opposition to the government of Alan Garcia, Barrantes, president of the IU, was absent. Furious, Carlos Malpica stated to EL DIARIO: "Dr Alfonso Barrantes is doing serious harm to the ranks of the United Left because of his collaborationism with the APRA" (an assertion which sounds prophetic today). He went on to say: "The ones who are the most progovernment, the most pro-APRA, are without a doubt, besides Barrantes, Dammert's Revolutionary Communist Party (PCR) and Bernales' Revolutionary Socialist Party (PSR)."

With such a confession, there is no need for further evidence: It is the IU itself, through its most conspicuous leaders, that recognizes the collaboration with the Garcia Perez government. It is not only the critics who recognize it. Murrugarra responded publicly to criticism by Malpica, Diez Canseco and Ledesma, noting that they "have not matured ideologically," because "they don't realize that we are in the middle of the great national democratic revolution" (HOY, LR, 10/22/85). And several days later, none other than Miguel Azcueta, mayor of Villa El Salvador, in an article titled "Barrantes in the Forefront" (LR, 10/27/85), observed that with these statements Malpica cast "the first stone at Barrantes without knowing (or knowing?) that he was going against the IU." Malpica's mistake, according to Azcueta, was that he did not realize that "the vast majority of the Peruvian people are for change," and that he wasted time "presenting (the IU as) an alternative to the new Aprista government."

Smoke Screen

Between November and December 1985, the critics of Barrantes and the "collaborationist" leaders stepped up the pressure. They drafted a document evaluating the first 100 days of the government, which Barrantes refused to sign. By late December, however, the IU leader issued his first critical pronouncement on the Aprista government, in connection with the "agreement in principle" with OXY [Occidental Petroleum]. But Barrantes read the document after it had been approved

by the palace. This is a curious way to play "opposition." This critical pronouncement was drawn up in the State Petroleum Agency (PETROPERU) by Barrantes, Bernales and Sanchez Albavera, who were directly advised by Minister of Energy and Mines Wilfredo Huaita. This concession by President Garcia was explained by the fact that, as Barrantes reportedly told him, if the IU had to come out against the "agreement in principle," it would be better for him to do it rather than "people like Diez Canseco or Malpica." Nevertheless, Javier Diez Canseco denounced Barrantes because "he did not consult with the IU Executive Committee on the pronouncement he made on the government's oil policy."

Diez Canseco also confronted Barrantes publicly, after the events that took place in the prisons, when Barrantes defended the Council of Ministers' decision to "restore order in the prisons." And later on, with regard to the Ames Report, he did not acknowledge the president's political responsibility.

"IU Has Historic Points of Agreement With APRA"

The internal rift in the IU became obvious when the PCR, the Peruvian Communist Party (PCP), and the PSR (without consulting the Mariateguist Unified Party (PUM) or the National Union of the Revolutionary Left (UNIR)) registered with the National Election Board (JNE) as an electoral alliance. Ludovico (UNIR) stated during that time, alluding to Pease or Barrantes, that the UNIR "is not willing to support a quasi-APRA candidate." Meanwhile, some sectors of the APRA were contemplating the possibility of not running a candidate for mayor of Lima and backing Barrantes' reelection, opposing candidate Bedoya Reyes. It was even rumored that President Garcia had proposed this idea to the IU leader. But in the end, to Barrantes' surprise, the prefect of Lima, Jorge del Castillo, registered with the JNE as APRA's candidate for mayor of Lima.

Even in the middle of the municipal campaign, Barrantes appeared to be extremely conciliatory toward the APRA. On 12 October 1986, the IU, through its chief, extended an invitation to the Aprista Party to avoid confrontations, because in these elections "the people have to vote for the left (APRA or IU) or the right." Two days later, Barrantes held talks with Armando Villanueva, but he refused to enter into any half-agreement. "Some of the media," declared the IU leader and candidate, "might say that the APRA and the IU have already made an agreement, and that would cause me internal problems" (LR, 10/15/86). But then he added: "The IU will never compromise with the right, but there are historical points of agreement with the APRA" (HOY, 11/2/86).

The IU has no separate identity from the APRA, Javier Diez Canseco acknowledged several days later in an interview with the daily LA VOZ, but he blamed not only Barrantes, but the IU as a whole. "Within the left itself," the top factotum of the PUM stated, "the democratic, antimilitarist opposition to the process being promoted by the APRA has not been emphasized enough. Rather than blaming one individual or another, everyone is to blame, for not giving this effort enough impetus" (LV, 11/1/86).

Municipal Elections of 1986

The Barrantes who ran for reelection as mayor was no longer the same man who ran for president in 1985, the one who criticized Alan Garcia for advocating "a commitment to all Peruvians." Now not only did he try to get along with his neighbors at the palace, but he even proposed as a campaign slogan a play on the slogan Alan had used in 1985: "A Lima for everyone." Moreover, he didn't seem to care whether the IU or the APRA won; either way, he asserted, "the people will win" because in "these elections there is no room for the right." He even said, minimizing the importance of Alan Garcia's balcony appearances in support of Del Castillo (where he also had words of praise for Barrantes' candidacy), that Alan would vote for him, "because I am his friend" (OJO, 11/8/86). "Frejolito" was oddly confident just 24 hours before the municipal elections.

Primavera Trujillana

After the results were announced, the position of the leftist leader was ambiguous. Visibly angered by Alan's support for Del Castillo (the promise of a single APRA-IU candidate was long forgotten), he nevertheless rejected the notion of "Aprista fraud" put forth by the IU's National Executive Committee. On the contrary, on 13 November he publicly reconciled with Alan Garcia after a lunch between "two great friends," held at the Primavera Trujillana restaurant. In fact, President Garcia declared, after the obligatory coffee and dessert, "The people have opted for change, rejecting the policy of previous governments." Because, except for some differences in nuance, "the APRA and the IU represent a nationalist affirmation in opposition to the mortgaging of the foreign debt, to the decisions made from outside, and to the current economic reactivation" (EXP, 11/14/86).

As we can see, the "fundamental points of agreement" between the APRA and the IU grew stronger over time. The defeat of the IU leader in the municipal elections forced President Garcia to draw the curtains and offer Barrantes a cabinet position, perhaps as premier, along with other well-known IU leaders such as Enrique Bernales or Sanchez Albavera. The PUM and the UNIR rejected the invitation outright. Ledesma chimed in with the voices of dissonance: "Barrantes would be betraying the fundamental principles of the IU if he agreed to be an Aprista minister" (ED, 11/22/86). Denied that possibility, Garcia offered him the ambassadorship to the PRC, which Barrantes also refused before traveling to Cuba for his regular kidney checkup.

"No Fear of Agreement"

With the specter of "fraud" gone and his leadership of the federation of Marxist parties a shambles, Barrantes returned from Cuba in early 1987 expressing no qualms about maintaining his collaborationist faith and loyalty: "I have always said that there can be points of agreement between what the government does and what we advocate as the United Left," he said in an exclusive interview with EL NACIONAL.

During 1987, it would be Barrantes himself who emphasized the similarities between the programs of the Aprista government and the IU's platform. In March, he supported the creation of the Defense Ministry because "that is part of the IU government plan" (LR, 3/10/87). After the message of 28 July, he said that the entire speech, not just the nationalization of the banks, was in full agreement with the IU program. The very day of the presidential message, Barrantes declared: "If you analyze the government program of the United Left, you will see that there are major points of agreement with what was stated today" (ACT, 7/29/87). Not only that, a few weeks later he said emphatically in an interview with LA REPUBLICA: "There is no reason to fear points of agreement" (8/16/87).

Barrantes Consulted on Bank Nationalization

The measure announced by Alan Garcia that 28 July, involving the nationalization of the banks and the financial system, came as a surprise to Luis Alberto Sanchez and Armando Villanueva, to the Aprista members of Parliament, and to most of the cabinet, but not to Barrantes. In the interview with LA REPUBLICA, Barrantes confessed that the announcement of the nationalization of the banks had not taken him by surprise. And when asked again, "Does this mean that you already knew about it?" Barrantes responded, "to a certain extent, yes."

This is an important point to emphasize. Why did Alan talk to Barrantes about the nationalization measure and not to Sanchez, Villanueva, or his ministers or parliamentary delegation? With whom is Alan Garcia governing, the APRA or the IU? The joint responsibility for the passage of this measure in Parliament traces back, then, to a certain joint intellectual authorship. Because the nationalization of the Bank of Credit and the control of the banks were proposed in the IU platform, Alan may well have asked for technical advice from Barrantes and other prominent members of the IU before making the announcement. This, incidentally, would guarantee him the support of the leftist members of Parliament (there would be no need for him to inform the Aprista delegation, which blindly rubber stamps all his proposals).

In a televised message broadcast on 18 August, speaking as a "simple rank-and-file member" of the IU (since Barrantes had resigned as president of the IU in late May), he came out in support of the nationalization measure. He recalled that "the United Left did not hide its points of view with regard to the banking sector, because in its platform the IU proposed the nationalization of the Bank of Credit and the financial entities associated with that bank." He cited pages 27, 30, and 39 of the IU platform. LA CRONICA, a government daily, printed an editorial praising Barrantes' message, headed by an eloquent title: "Democratic Agreement" (8/21/87). That clinched it!

Alan's Loyal Friend

Unlike other measures, the IU's support for this one was total, except for a few differences with regard to detail or procedure. Malpica, Diez Canseco, Brena Pantoja, and other leaders of the "critical" faction of the IU lined up behind Barrantes' collaborationism. The former mayor of Lima and president of the IU felt that he had reason on his side, and stated ironically, "I am surprised that some people, whose names I need not mention, have gone from an irrational anti-APRA attitude to an unexpected and opportunistic 'Alanist' attitude." Barrantes was now vengefully branding them with the same labels, "Alanist" and "pro-APRA," that they had put on him. Some more and some less, as Diez Canseco said, but all the members of the IU as a whole are collaborationists, which means that they share responsibility for the crisis.

Between trips abroad, Barrantes continued to insinuate his support for the Aprista government, although more quietly, working in the shadows as a mere "combatant" of the IU. Whatever differences he expressed were almost insignificant. When he returned from another kidney checkup in Havana, Alan once again offered him the premiership. He studied the proposal and consulted with close friends, but did not accept. "The presidency of the cabinet involves seeking programs, not reaching personal understandings. It is not enough to call on a friend," (EC, 1/23/88) Barrantes admitted.

During that period, however, at the inauguration of the 30th meeting of the Permanent Conference of Political Parties, Armando Villanueva called upon the IU to assume its "historic responsibility" and seek a "convergence with the APRA as we face 1990." A month later, Barrantes proposed a "government of national unity" on the "In Person" program of C. Hildebrandt. And in May, before leaving for the Republic of Sarahui, he declared at Jorge Chavez: "We cannot refuse to help the government" (HOY, 5/19/88).

He was never interior minister or premier, but Barrantes was always more valuable than that: He was a loyal friend to Alan Garcia and his government, sacrificing his mayoral candidacy in 1986 and his post as chief of the IU. And he was an inestimable ally, in word and in deed, and therefore he shared responsibility for the economic and political failure represented by the policies that he backed so strongly.

Statistics Institute Reports October Inflation

PY0311025688 Lima Television Peruana in Spanish 0100 GMT 3 Nov 88

[Summary] Today the National Statistics Institute reported that the overall inflation rate in October was 40.6. The accumulated variation of the inflation rate so far this year has reached 932.5 percent, and the accumulated inflation rate in the past 12 months, from October 1987 to October 1988, reached 1,111.8 percent.

Uruguay

Sanguinetti in Copenhagen En Route to PRC

PY0211174188 Montevideo Radio Libertad Sport in Spanish 1600 GMT 2 Nov 88

[Text] The official Uruguayan delegation headed by President Julio Sanguinetti has arrived in Copenhagen, the first stopover on his trip to the PRC, where the delegation is scheduled to arrive on 4 November. The delegation will now head for Helsinki.

Views Purpose of Trip

PY0411023488 Montevideo Radio Carve in Spanish 0000 GMT 4 Nov 88

[Text] Uruguayan President Julio Maria Sanguinetti is on his way to the Chinese capital after a stopover the Uruguayan delegation had to make in Finland.

Before leaving Finland, where he had officials contacts, Julio Maria Sanguinetti told Radio Carve that his trip is intended to strengthen the agreements already signed with the PRC.

Sanguinetti said that the current agreements with the PRC are functioning well. He also stated that 9 percent of Uruguayan exports are bound for that country.

At Helsinki International Airport the head of state made the following remarks for Radio Carve:

[Begin recording, in progress] ...expectations. I would say that the trip itself is important.

Uruguay established diplomatic relations with the PRC in February. As I explained when I left, the PRC is our third largest customer. The PRC is one of the most important countries for Uruguayan foreign trade. This is an extraordinarily important relationship.

The trade agreements we reached in the past are in effect. This visit to the PRC now does not mean beginning a relationship or signing agreements we have already reached. This visit is intended to strengthen and improve our relationship. It is intended to facilitate discussion concerning the extent to which the agreements have been fulfilled and to pave the way for the (?future).

There is no doubt that the $94 million worth of exports sent to the PRC by September 1988 represents a very important figure—9 percent of our exports. This amount is lower only than our exports to Brazil and the United States. It is higher that amounts sent to very important customers such as the FRG.

The agreements are completely current. Therefore, our expectations for this visit are mainly political, because this is the first official visit we are making (?since we established diplomatic relations).

This visit also concerns our trade relations. It is very important to assess where we stand, affirm our commitments, and see where we have to place emphasis in order to ensure that what is not yet functioning works. [end recording]

These were the remarks of the president of the Republic to Radio Carve before leaving for the PRC capital.

Arrives in Beijing

PY0411112888 Montevideo Radio Carve in Spanish 0930 GMT 4 Nov 88

[Excerpt] President Julio Maria Sanguinetti has arrived in Beijing during the last few hours. We will be talking with our correspondent at 0730 today to obtain more details.

The president and his entourage of nearly 80 people arrived in Beijing last night for a 6-day official visit.

Sanguinetti will meet with PRC President Yang Shangkun and Communist Party leader and Prime Minister [titles as heard] Deng Xiaoping during his stay.

Sanguinetti was welcomed at Beijing airport by high-ranking PRC officials and was immediately driven to the illustrious official guest house, located in one of the most exclusive zones of this city of 10 million people. The local media stressed the importance of Sanguinetti's visit and of strengthening PRC and Uruguayan relations. [passage omitted]

Port Workers Not To Support 'Unitas' Operation

PY0211222888 Montevideo LA HORA in Spanish 25 Oct 88 p 2

[Text] Last night the Inter-Union Merchant Marine [Intergremial de la Marina Mercante] organization reported that it has decided against rendering any type of support or services to the foreign ships involved in the "Unitas" operation. The Inter-Union Merchant Marine organization also decided to report this decision to the maritime and port workers labor unions, to the PIT-CNT [Inter-Union Workers Plenum-National Convention of Workers], to the congressional blocs, and to the enterprises involved in fuel deliveries at the port.

The Inter-Union Merchant Marine organization based its decision on several points, including the following:

1. The aforementioned operation in no way agrees with the Latin American spirit of our peoples.

2. The congress has not authorized our country's participation in this operation nor has it authorized this operation to be carried out in our territorial waters.

3. In keeping with the past, U.S. foreign policy is justly remembered for creating the national security doctrine.

The Inter-Union Merchant Marine organization adds that the "Unitas" maneuver has been included within the dreadful resolutions the Armies of the Americas made in Mar del Plata, and that it was proven during the Malvinas war that when the time came to make a decision, the United States supported a historically colonialist nation.

Venezuela

Lusinchi on Coup Rumors, Border 'Massacre'

PA0311154888 Madrid EFE in Spanish 0836 GMT 3 Nov 88

[By Emilio Crespo]

[Text] Caracas, 3 Nov (EFE)—In the wake of military incidents that have occurred over the past few days, Venezuelan President Jaime Lusinchi called on the nation to show "prudence" and assured the country that the Armed Forces are loyal to the Constitution.

Lusinchi addressed the nation last night on a radio and television network, during which he asked Venezuelans to make "a great effort" to avoid hindering the final stretch of the electoral campaign tomorrow.

He explained the deployment of armored vehicles surrounding the presidential palace in downtown Caracas and the massacre of 14 fishermen by military forces. The two incidents have shaken the nation.

The military action raised concern among political circles and provoked a wave of rumors about military conspiracies—rumors the president described as "inevitable" last night. Meanwhile, the massacre has been condemned by virtually all political parties and has led to violent demonstrations.

During his speech, Lusinchi reaffirmed that the deployment of armored vehicles to the Government Palace on 26 October, when he was attending a Group of Eight meeting, was in response to "an anonymous telephone call" to the military unit that was later deployed.

Lusinchi said that this incident is under investigation. However, he expressed trust in the "soundness" of the Armed Forces and their "firm commitment" to democracy, which was established 30 years ago in Venezuela.

He devoted most of his address to the massacre of fishermen by military forces last Saturday in Apure, located at the Colombian border. According to official reports, the fishermen were mistaken for Colombian guerrillas.

The president expressed regret for the deaths and gave assurances that a thorough investigation into the incident has begun. He said, however, that he did not wish to comment on the incident, which has prompted a demand for justice from politicians representing many different political philosophies.

Lusinchi added that he will await the results of the investigation, and he criticized "superficial statements" by the media and the opposition. He gave assurances that there is evidence indicating the events "did not happen in the way some are claiming."

As for disturbances in major cities, Lusinchi deplored the fact that the fishermen's deaths have "provoked new and regrettable actions" that endanger the students.

According to residents of El Amparo, near the site of the massacre, and two surviving fishermen, the soldiers opened fire with no warning and placed Army of National Liberation [ELN] badges and weapons on the bodies.

The ELN and other Colombian guerrilla groups often enter Venezuelan territory, where they are accused of having committed numerous crimes.

An official report released on Sunday claimed that the fishermen were "rebels" and that the weapons, explosives, and documents seized from them constitute evidence that they had planned to carry out sabotage and to kidnap a Venezuelan cattleman.

More Campus Violence Over Killing of Fishermen

PA0411024088 Paris AFP in Spanish 0105 GMT 4 Nov 88

[Text] Caracas, 3 Nov (AFP)—The university violence that was unleashed 2 days ago over the military's killing of 14 fishermen Saturday flared up again today in Caracas, Merida, Barquisimeto, and Maracaibo, leaving more than 50 injured, several news sources reported tonight.

In Caracas, the disturbances started this morning in the El Paraiso area, in the southeast part of the capital, where students of the Pedagogic Institute stoned businesses and erected street barricades. Police dispersed the students with tear gas.

In the afternoon, disturbances took place at the Central University of Venezuela, where students stopped a candy delivery van, handed out candy to bystanders, and set the van on fire.

From inside the university, in the center of Caracas, some 300 students threw rocks and other projectiles at approximately 40 policemen. Police sources said some 40 masked people had at least three revolvers and one automatic pistol.

At least 20 people were injured, including police Colonel Felix Rodriguez, chief of the area operations division, who was shot in the leg.

Several people were hit by pellets shot by the police, while others suffered teargas burns and smoke inhalation.

In Merida, 480 km southeast of Caracas, where the most serious incidents took place yesterday, disturbances started this afternoon when university students marched to demand the freeing of their fellow students who were arrested Wednesday.

During the march, the students burned an automotive battery delivery truck before engaging in an all-out battle with police. Prior to this, the students set a bank on fire and stoned other businesses and public offices.

Acording to reports, more than 20 people were injured in Merida.

The clashes continued into the night. Meanwhile, authorities at the Andes University—the city's most prominent institution—suspended classes.

In Barquisimeto, 300 km southeast of Caracas, 10 policemen were injured in disturbances. One unidentified officer lost two fingers on his right hand, the local news agency INNAC reported.

The riots began near the Pedagogy Institute, east of Barquisimeto, and spread to the Polytechnic Institute, Lisandro Alvarado University, and Universitario Institute. The demonstrators rallied on La Salle Avenue, where university students set fire to an Army truck and a local electric company vehicle before firmly facing a police force.

The policemen fired tear gas and blank shots at the students and became the target of a barrage of stones and other objects. Some isolated shots were also fired at the policemen.

Late in the afternoon, the violent situation eased when the demonstrators withdrew to the Polytechnic Institute. The police reported that approximately 20 persons have been arrested.

In Maracaibo, the country's oil capital, located 490 km west of Caracas, students from the School of Engineers marched through the streets and set automobile tires on fire. The police did not have to intervene to check the students' march but stopped basic education teachers who were demonstrating for overdue salary payments. A leader of the Teachers' Union and some journalists were injured.

In Maracay, 80 km west of Caracas, hooded people set a bus and two trucks on fire and burned tires. There has been no report on people being injured or arrested here.

President Jaime Lusinchi's government is facing a wave of university student violence resulting from the death, in a confusing incident, of 14 fishermen in La Colorada creek, Apure State, 600 km southwest of Caracas, very near the Colombian border.

Combined Army and police forces shot them to death, believing they were Colombian guerrillas. Although those killed officially have been accused of having had subversive intentions, two survivors have said they were peaceful fishermen.

Interior Minister Simon Alberto Consalvi today said the security forces, especially those in Caracas, have orders to act "with extreme moderation."

[Paris AFP in Spanish at 0152 GMT on 4 November, in a similar report, adds: "The National Guard took to the streets this evening to quell riots when university students set fire to a building of the governing party and to a shop, which was also sacked."]

Minister: No Plans To Use Oil as Collateral

PA0311125888 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 2 Nov 88

[Excerpt] Energy and Mines Minister Julio Cesar Gil said that Venezuela does not plan to request loans using its oil as collateral, even though this has been done by other OPEC member countries. These statements were made by Minister Gil following a meeting with David B. Waller, U.S. assistant secretary for international affairs and energy emergencies [U.S. Department of Energy], who, together with U.S. Ambassador to Venezuela Otto J. Reich, analyzed oil transactions between the two countries. The U.S. official said that his country had no plans for levying an oil tax on Venezuela. [passage omitted]

Suriname

Bouterse, Bush Negro Delegation Hold Talks

FL0111214488 Hilversum International Service in English 1030 GMT 1 Nov 88

[Text] Surinamese Army Commander Desi Bouterse has been conducting talks in the capital, Paramaribo, with a delegation led by Grand Chief Aboikoni of the (Saramaccan) Bush Negro tribe. The delegation has been in the capital for 2 weeks now to discuss the situation in east Suriname. The (Saramaccan) tribal leaders intend appealing to the Grand Chiefs (Forster) and (Gazon) to join the talks in Paramaribo. After the talks with Army Commander Bouterse, a statement was issued which said merely that proposals had been made and that these would be worked out in due course.

Bouterse Meets With Members of National Army

FL0311215088 Paramaribo International Service in English 1730 GMT 3 Nov 88

[Excerpt] Lately the government has been too much engaged in matters of less importance than those which need greater attention. This was stated by Commander Desi Bouterse yesterday morning in a meeting with members of the National Army. Bouterse indicated that while the government is presently engaged in the issue of the retention of Suriname's [words indistinct] there is an upsurge in terrorism in east Suriname. The Army leader is [words indistinct] with the interior officials and expressed the position of the Committee of Christian Churches which mediates all conflicts in east Suriname. The Committee of Christian Churches has threatened to organize a mass protest demonstration if the government does not declare a cease-fire. [passage omitted with words indistinct]